

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
)
EXPERIMENTAL PRIORITY MAIL) Docket No. MC2004-2
FLAT-RATE BOX, 2004)

VOLUME #2
MATERIAL INCORPORATED INTO THE RECORD

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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ORIGINAL

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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Experimental Priority Mail Flat-
Rate Box, 2004

Docket No. MC2004-2

DESIGNATION OF WRITTEN CROSS-EXAMINATION

Party

Interrogatories

United States Postal Service

Daniel J. Barrett (USPS-T-2)

Office of the Consumer Advocate

DBP/USPS-T2-1-5, 7-9, 11b-g, 12-19, 21-31, 33
DBP/USPS-T1-1, 4a, 5b-d redirected to T2
OCA/USPS-T2-1-5, 6a, c-e, h, 7-18, 21-23, 25-

L. Paul Loetscher (USPS-T-3)

Office of the Consumer Advocate

DBP/USPS-T3-1-11
DBP/USPS-T1-6, 14b redirected to T3
OCA/USPS-T3-1-8
POIR No. 1, Questions 1-3

Thomas M. Scherer (USPS-T-1)

Office of the Consumer Advocate

DBP/USPS-T1-2-3, 4b, 5a, 7-13, 14a, 15-16
DBP/USPS-T2-6, 10, 11a, h-i redirected to T1
OCA/USPS-T1-1-16, 26-28, 31-33
POIR No. 1, Question 3

Party**Institutional**

Office of the Consumer Advocate

Interrogatories

DBP/USPS-1-6

DFC/USPS-2-3, 5, 7

OCA/USPS-T1-17-25 redirected to USPS

Respectfully
submitted,

A handwritten signature in black ink, appearing to read "Steven W. Williams".

Steven W. Williams
Secretary

INTERROGATORY RESPONSES
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

United States Postal Service

Daniel J. Barrett (USPS-T-2)

DBP/USPS-T2-1	OCA
DBP/USPS-T2-2	OCA
DBP/USPS-T2-3	OCA
DBP/USPS-T2-4	OCA
DBP/USPS-T2-5	OCA
DBP/USPS-T2-7	OCA
DBP/USPS-T2-8	OCA
DBP/USPS-T2-9	OCA
DBP/USPS-T2-11b	OCA
DBP/USPS-T2-11c	OCA
DBP/USPS-T2-11d	OCA
DBP/USPS-T2-11e	OCA
DBP/USPS-T2-11f	OCA
DBP/USPS-T2-11g	OCA
DBP/USPS-T2-12	OCA
DBP/USPS-T2-13	OCA
DBP/USPS-T2-14	OCA
DBP/USPS-T2-15	OCA
DBP/USPS-T2-16	OCA
DBP/USPS-T2-17	OCA
DBP/USPS-T2-18	OCA
DBP/USPS-T2-19	OCA
DBP/USPS-T2-21	OCA
DBP/USPS-T2-22	OCA
DBP/USPS-T2-23	OCA
DBP/USPS-T2-24	OCA
DBP/USPS-T2-25	OCA
DBP/USPS-T2-26	OCA
DBP/USPS-T2-27	OCA
DBP/USPS-T2-28	OCA
DBP/USPS-T2-29	OCA

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-T2-30	OCA
DBP/USPS-T2-31	OCA
DBP/USPS-T2-33	OCA
DBP/USPS-T1-1 redirected to T2	OCA
DBP/USPS-T1-4a redirected to T2	OCA
DBP/USPS-T1-5b redirected to T2	OCA
DBP/USPS-T1-5c redirected to T2	OCA
DBP/USPS-T1-5d redirected to T2	OCA
OCA/USPS-T2-1	OCA
OCA/USPS-T2-2	OCA
OCA/USPS-T2-3	OCA
OCA/USPS-T2-4	OCA
OCA/USPS-T2-5	OCA
OCA/USPS-T2-6a	OCA
OCA/USPS-T2-6c	OCA
OCA/USPS-T2-6d	OCA
OCA/USPS-T2-6e	OCA
OCA/USPS-T2-6h	OCA
OCA/USPS-T2-7	OCA
OCA/USPS-T2-8	OCA
OCA/USPS-T2-9	OCA
OCA/USPS-T2-10	OCA
OCA/USPS-T2-11	OCA
OCA/USPS-T2-12	OCA
OCA/USPS-T2-13	OCA
OCA/USPS-T2-14	OCA
OCA/USPS-T2-15	OCA
OCA/USPS-T2-16	OCA
OCA/USPS-T2-17	OCA
OCA/USPS-T2-18	OCA
OCA/USPS-T2-21	OCA
OCA/USPS-T2-22	OCA
OCA/USPS-T2-23	OCA
OCA/USPS-T2-25	OCA
OCA/USPS-T2-26	OCA
OCA/USPS-T2-27	OCA
OCA/USPS-T2-28	OCA

InterrogatoryDesignating Parties

OCA/USPS-T2-29

OCA

L. Paul Loetscher (USPS-T-3)

DBP/USPS-T3-1

OCA

DBP/USPS-T3-2

OCA

DBP/USPS-T3-3

OCA

DBP/USPS-T3-4

OCA

DBP/USPS-T3-5

OCA

DBP/USPS-T3-6

OCA

DBP/USPS-T3-7

OCA

DBP/USPS-T3-8

OCA

DBP/USPS-T3-9

OCA

DBP/USPS-T3-10

OCA

DBP/USPS-T3-11

OCA

DBP/USPS-T1-6 redirected to T3

OCA

DBP/USPS-T1-14b redirected to T3

OCA

OCA/USPS-T3-1

OCA

OCA/USPS-T3-2

OCA

OCA/USPS-T3-3

OCA

OCA/USPS-T3-4

OCA

OCA/USPS-T3-5

OCA

OCA/USPS-T3-6

OCA

OCA/USPS-T3-7

OCA

OCA/USPS-T3-8

OCA

POIR No. 1, Questions 1-3

OCA

Thomas M. Scherer (USPS-T-1)

DBP/USPS-T1-2

OCA

DBP/USPS-T1-3

OCA

DBP/USPS-T1-4b

OCA

DBP/USPS-T1-5a

OCA

DBP/USPS-T1-7

OCA

DBP/USPS-T1-8

OCA

DBP/USPS-T1-9

OCA

DBP/USPS-T1-10

OCA

DBP/USPS-T1-11

OCA

DBP/USPS-T1-12

OCA

<u>Interrogatory</u>	<u>Designating Parties</u>
DBP/USPS-T1-13	OCA
DBP/USPS-T1-14a	OCA
DBP/USPS-T1-15	OCA
DBP/USPS-T1-16	OCA
DBP/USPS-T2-6 redirected to T1	OCA
DBP/USPS-T2-10 redirected to T1	OCA
DBP/USPS-T2-11a redirected to T1	OCA
DBP/USPS-T2-11h redirected to T1	OCA
DBP/USPS-T2-11i redirected to T1	OCA
OCA/USPS-T1-1	OCA
OCA/USPS-T1-2	OCA
OCA/USPS-T1-3	OCA
OCA/USPS-T1-4	OCA
OCA/USPS-T1-5	OCA
OCA/USPS-T1-6	OCA
OCA/USPS-T1-7	OCA
OCA/USPS-T1-8	OCA
OCA/USPS-T1-9	OCA
OCA/USPS-T1-10	OCA
OCA/USPS-T1-11	OCA
OCA/USPS-T1-12	OCA
OCA/USPS-T1-13	OCA
OCA/USPS-T1-14	OCA
OCA/USPS-T1-15	OCA
OCA/USPS-T1-16	OCA
OCA/USPS-T1-26	OCA
OCA/USPS-T1-27	OCA
OCA/USPS-T1-28	OCA
OCA/USPS-T1-31	OCA
OCA/USPS-T1-32	OCA
OCA/USPS-T1-33	OCA
POIR No. 1, Question 3	OCA
Institutional	
DBP/USPS-1	OCA
DBP/USPS-2	OCA
DBP/USPS-3	OCA

Interrogatory

DBP/USPS-4

DBP/USPS-5

DBP/USPS-6

DFC/USPS-2

DFC/USPS-3

DFC/USPS-5

DFC/USPS-7

OCA/USPS-T1-17 redirected to USPS

OCA/USPS-T1-18 redirected to USPS

OCA/USPS-T1-19 redirected to USPS

OCA/USPS-T1-20 redirected to USPS

OCA/USPS-T1-21 redirected to USPS

OCA/USPS-T1-22 redirected to USPS

OCA/USPS-T1-23 redirected to USPS

OCA/USPS-T1-24 redirected to USPS

OCA/USPS-T1-25 redirected to USPS

Designating Parties

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United States Postal Service

**Daniel J. Barrett
(USPS-T-2)**

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-1 On Page 3 Line 24 of your testimony, you indicate that contract postal units will find it easier to offer Priority Mail to their customers. [a] Do contract postal units provide identical retail mail acceptance services which are similar to "regular" postal facilities? [b] If not, explain the differences. [c] Do you feel that "regular" postal facilities will also find it easier to offer Priority Mail to their customers? [d] If not, why not?

RESPONSE:

[a] Contract postal units provide similar, though not 'identical' retail mail acceptance services.

[b] One key difference lies within the very definition of a contract unit – that it is staffed by third-party employees. Therefore, the nature of the experience for the customer would likely not be considered "identical." However, contract postal units are trained on the same Aviation Security and HAZMAT issues as post offices. They follow similar acceptance procedures and are subject to audits and performance reviews to ensure compliance.

[c] Yes.

[d] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-2 Between Page 4 Line 21 and Page 5 Line 1 of your testimony, you indicate the outside and inside dimensions of the two proposed Flat-Rate Boxes. The difference between the outside and inside dimensions of the same dimension varies between 0.25 and 0.75 inches. [a] What is the thickness of the box? [b] Please explain why there is a variation of between 0.25 and 0.75 inches between the outside and inside dimensions.

RESPONSE:

[a] – [b] The first proposed box is considered a Regular Slotted Container (RSC) style container. The RSC is typically more square and deeper in stature than an Full Over-Lap (FOL) style box and is a top load box. The RSC would be more suitable for shipping bulkier items such as shoes or toys, etc. The RSC style box has flaps on the top and bottom and is usually sealed with a pressure sensitive closure tape applied during packing and sealing. There are two (2) different flaps that fold in on the top and bottom of the box; the minor flap and major flap, and each flap accounts for 1/8" of cardboard. This accounts for 1/4" on the top and 1/4" on the bottom or 1/2" total. This particular box has an inside dimension of 11" x 8.5" x 5.5"; top to bottom being the 5.5" dimension. The outside dimensions are 11.25" x 8.75" x 6"; top to bottom being the 6" dimension. Note the 1/2" difference between the two top to bottom dimensions. This difference accommodates the thickness of the flaps folded in on the top and bottom. The side dimensions differ by 1/4" which is the thickness of the cardboard (1/8" on each side).

The second of the two boxes proposed is considered a Full Over-Lap style container. The FOL is typically a longer and narrower box suitable for smaller garments and other items of that nature and is an end-loading box. The FOL style box has flaps

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-2 Response (continued)

on both ends and is usually sealed with a pressure sensitive closure tape applied to the box during manufacturing. There are three (3) different flaps that fold in on each end of the box; the dust flap, minor flap and major flap, and each flap accounts for 1/16" of cardboard. This accounts for 3/16" on each end or 3/8" total. This particular box has an inside dimension of 11.875" x 3.375" x 13.625"; the end to end measurement being the 13.625". The outside dimensions are 12"x 3.5" x 14"; end to end being the 14" dimensions. Note the 3/8" difference between the two end to end dimensions. This difference accommodates the thickness of the flaps folded in on both ends. The side dimensions differ by 1/8" which is the thickness of the cardboard (1/16") on each side.

Note that on page 5 of my testimony, line 11, I implicitly assumed that both box types would be constructed using 32 ECT board of 1/8" thickness. However, in responding to this question, I discovered that the two boxes will use board of slightly different thickness, as indicated above. This is in keeping with the design of currently-available Postal Service provided Priority Mail boxes, which differ in board thickness depending on whether the box is an RSC or an FOL. A correction of the inside dimensions of the FOL stated on page 4, line 23 of my testimony, to match those indicated above, will be filed shortly.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-3 On Page 5 Lines 4 and 5 of your testimony, you indicate that the proposed Flat-Rate Boxes have a similarity to the currently available Priority Mail corrugated boxes. [a] With respect to all of the currently available Priority Mail boxes, please provide the following information: [1] outside dimensions [2] inside dimensions [3] type and thickness of the box material [4] weight of the empty box. [b] Please indicate which of these boxes are the ones that are similar to the proposed Flat-Rate Boxes. [c] Please explain any differences in dimensions or characteristics between the currently available boxes and their similar proposed Flat-Rate Box. [d] What is the weight of each of the two empty proposed Flat-Rate Boxes?

RESPONSE:

[a] Following are the currently-available standard Priority Mail boxes along with their respective characteristics:

O-1095

- [1] 12-7/16" x 3-1/4" x 15-3/4"
- [2] 12-1/4" X 3" X 15-1/2"
- [3] 29 ECT E flute, 1/16"
- [4] 9.504 oz.

O-1096S

- [1] 8-11/16" x 5-5/8" x 1-13/16"
- [2] 8-9/16" X 5-3/8" X 1-5/8"
- [3] 29 ECT E flute, 1/16"
- [4] 2.272 oz.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-3 Response (continued)

O-1096L

- [1] 9-5/8" x 6-1/2" x 2-1/2"
- [2] 9-1/2" X 6-1/4" X 2-3/16"
- [3] 29 ECT E flute, 1/16"
- [4] 3.024 oz.

O-1097

- [1] 11-3/4" x 2-3/4" x 13-5/8"
- [2] 11-1/2" X 2-3/8" X 13-1/8"
- [3] 29 ECT E flute, 1/16"
- [4] 6.240 oz.

O-1092

- [1] 12-1/4" x 3" x 13-3/4"
- [2] 12-1/8" x 2-3/4" x 13-3/8"
- [3] 29ECT E flute, 1/16"
- [4] 7.504 oz.

O-1098M

- [1] 6-1/8" x 5-5/16" x 38-1/8"
- [2] 6" X 5-1/8" X 38"
- [3] 29 ECT E flute, 1/16"
- [4] 10.416 oz.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-3 Response (continued)

O-1098S

- [1] 6-1/8" x 6-1/8" x 25-5/8"
- [2] 5-3/4" X 5-3/4" X 25"
- [3] 29 ECT E flute. 1/16"
- [4] 7.216 oz.

O-Box 4

- [1] 7-1/4" x 7-1/4" x 6-1/2"
- [2] 7" X 7" X 6"
- [3] 29 ECT B flute. 1/8"
- [4] 4.816 oz.

O-Box 7

- [1] 12-1/4" x 12-1/4" x 8-1/2"
- [2] 12" X 12" X 8"
- [3] 32 ECT B flute. 1/8"
- [4] 13.872 oz.

[b] There are no boxes that are similar in both construction and size to the RSC box. The FOL box is similar in construction and size to the O-1092, O-1095 and O-1097.

[c] See response to [a], above.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-3 Response (continued)

[d] The RSC is expected to weigh approximately 8 oz., while the FOL is expected to weigh approximately 7 oz.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-4 On Page 6 Lines 1 to 5 of your testimony, you indicate the printing of the boxes. Please provide a copy or indication of the printing that will appear on each of the six faces of both of the sizes of boxes of both the currently available Priority Mail similar boxes and the proposed flat-rate boxes.

RESPONSE:

Exact graphics and text for the proposed boxes have not yet been determined. However, the following are among items that appear on currently available items and are expected to appear on the proposed boxes:

- Priority Mail graphics, (and, for Flat Rate items, graphics designating them as Flat Rate)
- Instructions for use, including parameters and limitations for mail entry (Aviation Security and Hazardous Materials)
- Warning against use of the box for purposes other than sending Priority Mail.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-5 On Page 6 Lines 12 to 22 of your testimony, you indicate that the Flat-Rate Boxes will be widely available. [a] Is it the intention of the Postal Service to have the availability of the proposed Flat-Rate Boxes in a manner that is equivalent to the availability of the non-flat-rate boxes that are similar in size? [b] If so, please explain the methods and directives that will be utilized to achieve this result and the evaluations that will be made to ensure continuing compliance. [c] If not, why not?

RESPONSE:

[a] Yes.

[b] The Flat Rate Box alternatives will be produced, distributed and maintained in a fashion similar to existing Priority Mail packaging alternatives. The new items will be made available via the same channels through which other Priority Mail packaging materials may be accessed. Multiple internal communications will announce the introduction of the new items, ensuring awareness among Postal employees. Corporate and field management will ensure the Flat Rate Boxes are made available to the customer in the intended manner.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-7 Between Page 7 Line 14 and Page 8 Line 3 of your testimony, you indicate how mailers will enter these Flat-Rate Boxes into the mail stream. [a] Will either or both of the proposed Flat-Rate Boxes fit into a standard blue collection box? [b] If either or both will fit into a standard blue collection box, confirm that a mailer utilizing stamps to pay the postage will have to be able to determine that the box weighs less than 16 ounces before mailing the box in this manner and therefore would be paying an extra \$3.85 in postage for the convenience of utilizing a Flat-Rate Box. [c] If a mailer is required to bring the box to a retail window at a post office because it weighs over 16 ounces, confirm that a mailer would have very little incentive to utilize the Flat-Rate Box in those instances where the postage rate exceeds the regular Priority Mail rate. [d] Please explain why the return address on a package must match the location of the pick-up by a Postal Service letter carrier. [e] Please confirm that the requirements of subpart d mean that a mailer may not use their home address for mail picked up at their work location or vice versa or that they may not mail a package for a neighbor, relative, or friend [at a different return address]. [f] Please confirm that a mailer who brings a box to a retail window at a post office because it weighs over 16 ounces may utilize any valid return address. [g] Please explain any items you are not able to confirm.

RESPONSE:

[a] No, neither item will fit into a collection box.

[b] N/A

[c] This statement seems to imply that a package must be brought to the retail counter simply because it weighs "over 16 ounces." This is simply not the case. First, the guideline is inclusive of packages weighing 16 ounces, meaning it applies to packages weighing 16 ounces or more, not just those weighing "over 16 ounces." Second, the items to which some mail entry restriction applies are only those exceeding this weight threshold *and* bearing postage in the form of stamps. Restrictions do not apply when electronic postage or metered postage is used, regardless of the weight of the package. Finally, the post office is only one option for entry of packages weighing 16 ounces or more bearing stamps – pickup by the letter carrier is also a feasible

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-7 Response (continued)

method offering greater convenience. Therefore, I believe the mailer could still realize a convenience benefit on Flat Rate Boxes, including those weighing 16 ounces or more and bearing postage in the form of stamps.

[d] For packages weighing 16 ounces or more and bearing postage in the form of stamps, the return address on the mailing piece must match the location of pickup. This is part of the Postal Service's mail security protocol.

[e] Confirmed.

[f] Confirmed.

[g] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-8 [a] Will mailers be able to utilize the on-line Postal Service website to prepare Priority Mail labels for mailing Flat-Rate Boxes? [b] If so, will those boxes be able to be mailed in a blue collection box? [c] If not, why not?

RESPONSE:

[a] Yes.

[b] The boxes are too large to fit in a collection box.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-9 [a] Confirm that the basic convenience factor for the use of the Flat-Rate Box stems from three items, namely, that, #1 - the mailer does not have to weigh the parcel; #2 - the mailer does not have to determine the zone for the parcel; and #3 the mailer does not have to calculate the postage for the given weight and zone. [b] Please confirm that a mailer utilizing the on-line Postal Service website will have the zone and postage calculated [assuming the weight of the parcel was known]. [c] Please explain any items you are not able to confirm.

RESPONSE:

[a] Confirmed.

[b] Confirmed, assuming the weight of the item is known, and the customer has access to the internet.

[c] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-11 [a] Please confirm that for the rates that were in effect on June 1, 2002, the rate for a Priority Mail Flat-Rate Envelope was the 2-pound rate and when the Flat-Rate Envelope was utilized for weights under 16 ounces, the mailer was required to pay a higher postage rate [when compared to the non-flat-rate postage rate]. [b] Please confirm that on June 1, 2002, the Postal Service made both a flat-rate and a non-flat-rate Priority Mail envelope available to mailers and that these envelopes were identical in size and construction and had some similarity in design. [c] Please provide copies of the front and back of these two envelopes. [d] Was it the intention of the Postal Service to have both of these envelopes [flat-rate vs. non-flat-rate] equally available to the public? [e] If not, why not? If so, provide copies of any directives that were issued during the period of that rate to explain the two types of envelopes and the need for similar availability. [f] What publicity was provided to explain to the public that they could save money by utilizing the non-flat-rate envelope for mailings under 16 ounces or any other related information to the flat-rate envelope? [g] Please explain any confusion you believe resulted by having a flat-rate postage that was more than the minimum postage rate [such as existed on June 1, 2002 with the Priority Mail Envelope]. [h] Do you feel a similar confusion could result with the proposed Flat-Rate Box rate? [i] If no, why not? If so, what steps does the Postal Service plan to eliminate the confusion. [j] Please explain any items you are not able to confirm.

RESPONSE:

[a] Redirected to witness Scherer.

[b] On June 1, 2002 two envelopes of identical size and construction were offered for use with Priority Mail. The envelopes intentionally featured dissimilar graphic treatment to distinguish between the two.

[c] I am in the process of securing the requested items, and will provide them shortly.

[d] Yes, it was the intention of the Postal Service to have these envelopes equally available to the public through June 30, 2002.

[e] N/A

[f] I am unaware of any specific "publicity" produced for this reason, though

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-11 Response (continued)

the Flat Rate Envelope is clearly designated as such.

[g] I am not aware of any confusion that “resulted by having a flat-rate postage that was more than the minimum postage rate”. However, I am aware that in Docket No. R2001-1, witness Scherer testified that customers did “risk using flat-rate envelopes weighing up to a pound and missing the opportunity to save at the one-pound rate.”

[h]-[i] Redirected to witness Scherer.

[j] N/A

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-12 What steps will the Postal Service take to ensure that Priority Mail users, both those that are sophisticated mailers as well as non-sophisticated mailers, will be aware of the availability of this new service and both the potential savings [in those cases where the Flat-Rate will cost less than the non-flat-rate] as well as the cost of the convenience of utilizing this service [in those cases where the Flat-Rate will cost more than the non-flat-rate]? This should include both the initial efforts as well as those that are ongoing during the experimental, and potentially continuing, period.

RESPONSE:

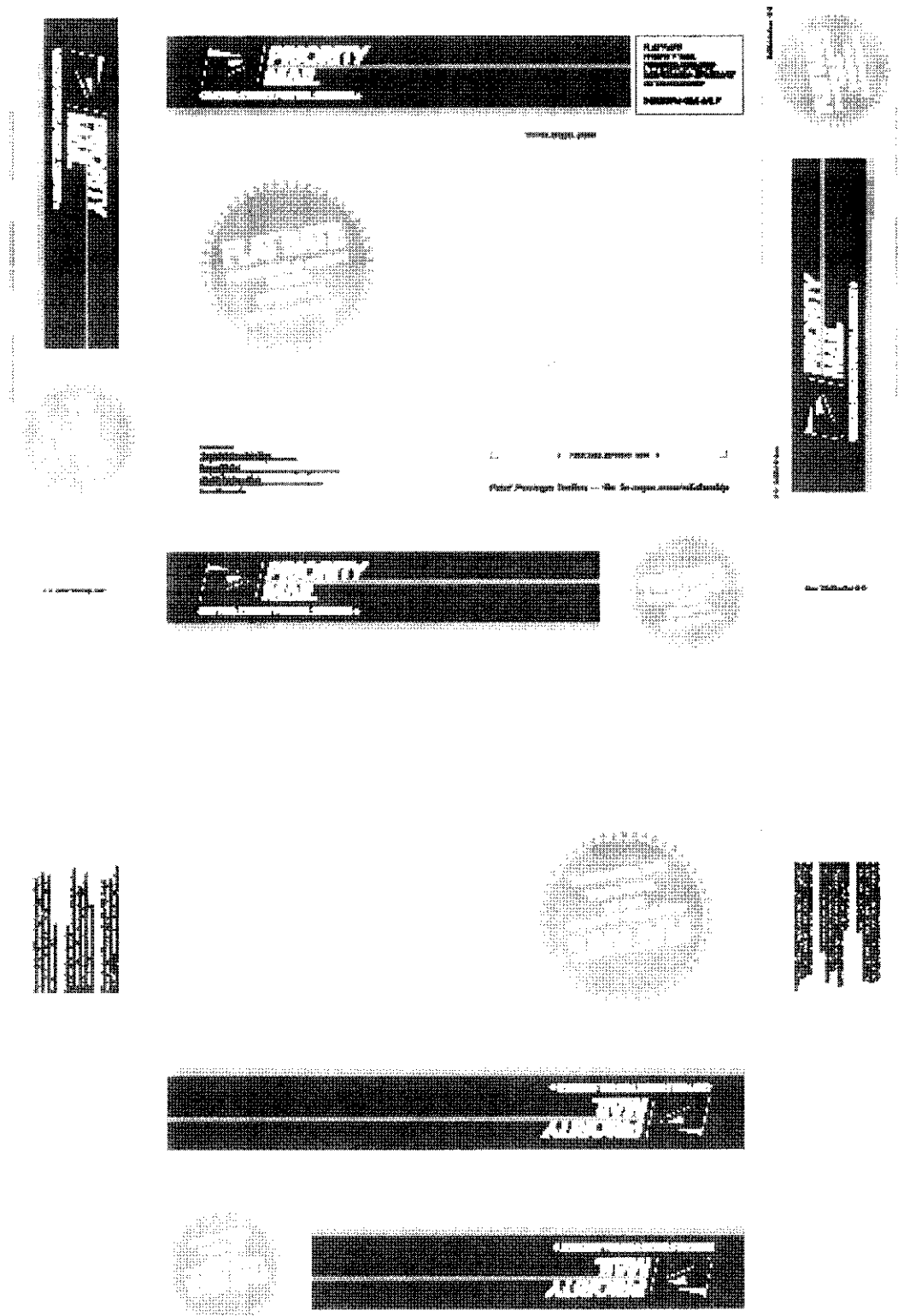
A communications plan is currently in the process of being developed. This plan will target both internal and external audiences. Internal communications will ensure Postal employees are aware of appropriate procedures for the sale, acceptance, and delivery of the Flat Rate Boxes, and will direct management to verify that these procedures are being executed as intended. The external, customer-targeted, portion of the plan will focus on the convenience benefits of the Flat-Rate Box items. In its messaging to the public, the Postal Service intends to avoid creating any potential misimpression that the Flat Rate Box would necessarily be a "lowest cost" mailing solution for Priority Mail parcel shipments.

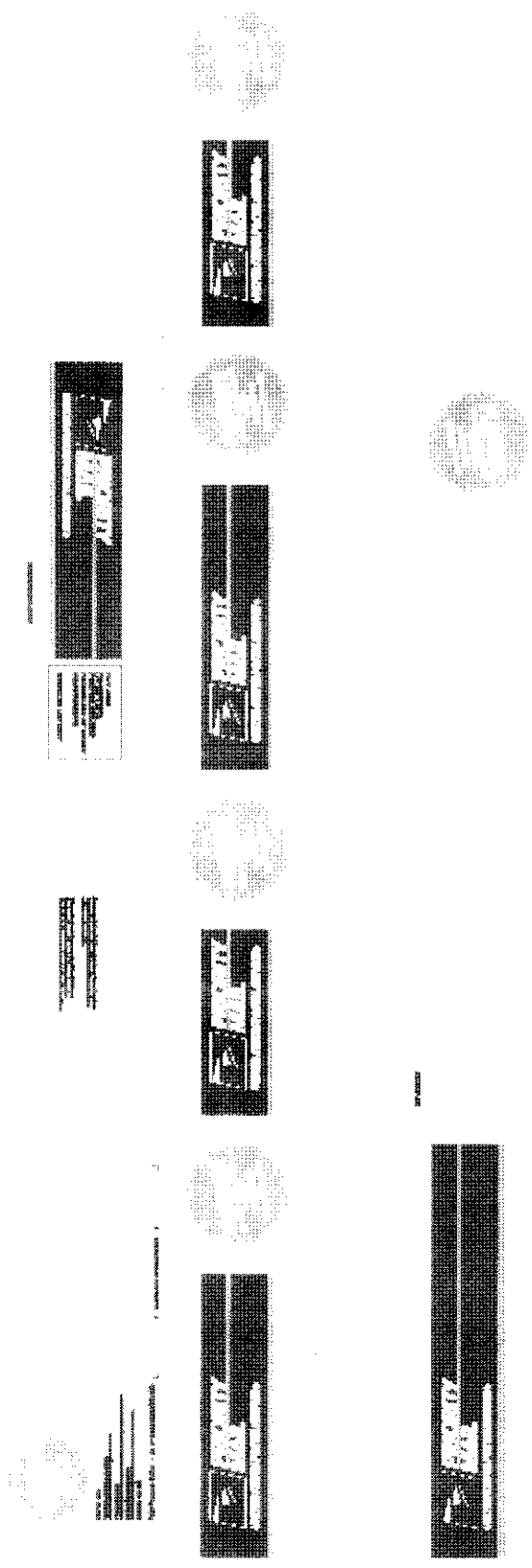
RESPONSE OF UNITED STATES POSTAL SERVICE BARRETT
TO INTERROGATORY OF DAVID B. POPKIN

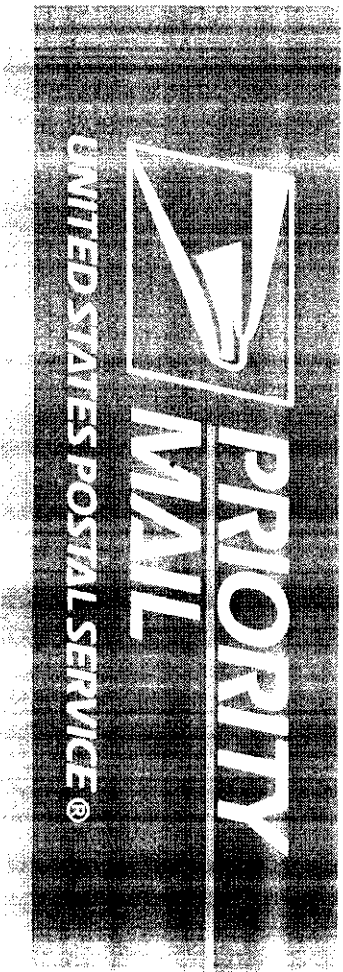
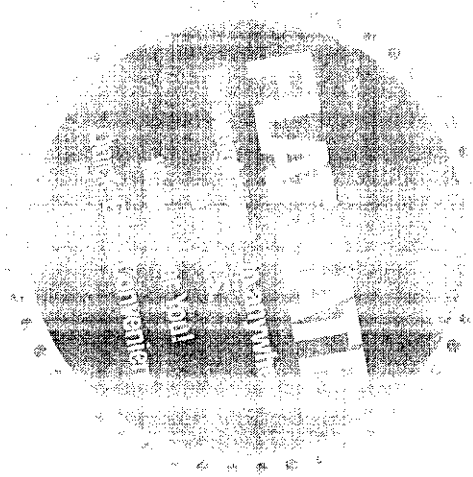
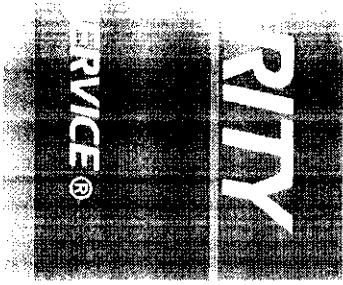
DBP/USPS-T2-13. In your response to Interrogatory DBP/USPS-T2-4, you indicate that exact graphics and text for the proposed boxes have not been determined. [a] Please provide any draft copies of the printing. [b] If draft copies are not yet available, please advise when you expect to have them and provide draft and final copies when they become available.

RESPONSE:

In accordance with POR MC2004-2/2, draft copies are attached.







RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-14. Please confirm that "a regular delivery stop" for a curbside delivery made from a postal vehicle typically is effected by placing mail into the curbside box and does not involve exiting the vehicle. If you do not confirm, please explain why not.

RESPONSE: Not confirmed. A "regular delivery stop" is for all types of mail, including mail that is larger than the mail receptacle or mail that requires a customer signature.

Delivery of this mail should not be viewed as "irregular" since it is a normal activity, although it does require exiting the vehicle.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-15. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally does not exit the postal vehicle used to make deliveries on a curbside route): (1) exit the vehicle, (2) walk a path to the door, (3) ring a doorbell or knock on the door, (4) wait for the mailer to answer the door, (5) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service's request is approved), and (6) walk back to the vehicle. If you do not confirm, please explain why not.

RESPONSE: See the response to OCA/USPS-T2-14 regarding the characterization of a normal or "regular delivery stop." If the notification involves a package that will not fit in the mailbox, then the carrier will exit the vehicle to retrieve the package. It is possible that the six steps outlined here could occur.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-16. . Please confirm that "a regular delivery stop" for a clusterbox delivery typically is made at a central delivery location and does not involve driving or walking to individual homes or businesses to effect delivery. If you do not confirm, please explain why not.

RESPONSE: Not confirmed. Delivery of mail that requires a signature would be made at the door as stated in OCA/USPS-T2-14. Carriers may be required to go to residences or businesses to complete delivery, but this should not be considered "irregular". Clusterbox units do have parcel lockers for oversize pieces; however, this does not remove the responsibility of signatures being required for some items at the time of delivery.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-17. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally makes a customer's mail delivery to a clusterbox): (1) drive a considerable distance from the clusterbox to the mailer's residence or business, (2) exit the vehicle, (3) walk a path to the door, (4) ring a doorbell or knock on the door, (5) wait for the mailer to answer the door, (6) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service's request is approved), (7) walk back to the vehicle, and (8) resume driving the route. If you do not confirm, please explain why not.

RESPONSE:

It is possible that the steps listed here could occur. See the response to OCA/USPS-T2-15.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-18. Please confirm that the following would constitute the primary channels for entering single-piece Priority Mail flat-rate boxes into the mailstream:

- a. At a retail counter
- b. At a self-service retail center
- c. At an Automated Package Center
- d. By means of the \$12.50 Scheduled Pickup service
- e. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- f. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a business mailroom, or in (or next to) a curbside mailbox.
- g. Please list any other channels that are likely to be used.
- h. For each of a. – g. above, rank them by likely cost to the Postal Service for each entry method. List the most costly method first, then in descending order to least costly. Please explain your reasoning for determining the relative cost positions. Include a discussion of the clerk or carrier activities associated for each method of entry.

RESPONSE:

- a.-g. Most parcels would be entered through these channels.
- h. This cost information is not available for the flat-rate box, which has not yet been introduced, so the requested ranking is not available. Beyond that, the Postal Service does not explicitly track the acceptance costs by shape for all of the individual channels listed. To the extent these costs are incurred, they show up in the volume variable costs through standard CRA methods.

RESPONSE OF UNITED STATES POSTAL SERVICE BARRETT
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T2-19. In your response to Interrogatory DBP/USPS-T2-12, you indicate that a communications plan is currently in the process of being developed. [a] Please provide any draft copies of the plan. [b] If draft copies are not yet available, please advise when they are expected and provide draft and final copies when they become available.

RESPONSE:

In accordance with POR MC2004-2/2, A draft copy is attached.

DRAFT

Proposed Priority Mail Flat-Rate Box Communications Plan

Background

On June 3, 2004 the Postal Service filed at the Postal Rate Commission (PRC) a proposal for a two-year test of two new Priority Mail Flat-Rate Box options. The filing specifically proposes a mailing rate of \$7.70 for each option and the choice of two different box shapes—the dimensions of which are 14 x 12" x 3.5" and 11.25" x 8.75 x 6".

If recommended by the PRC and approved by the Postal Service Board of Governors, the Flat-Rate Box will reinforce the Postal Service's commitment to enhancing simplicity and convenience when sending packages.

Much like the Priority Mail Flat-Rate Envelope – provided by the Postal Service since 1991 – the proposed Flat-Rate Box would afford customers a single, predetermined rate regardless of the actual weight or destination zone of the parcel.

Purpose

This plan is designed to ensure consistent messaging about the Flat-Rate Priority Mail Box to employees and customers. By necessity, the plan is fluid and responsive to any changes that take place during the review process.

Audiences

Internal

- Managers/Postmasters/Supervisors
- Marketing Employees
- Retail Associates
- Delivery Employees
- All Postal Employees
- Unions/Management Associations

External

- Small- and home-based business mailers
- Media (General and Industry)
- Mailing associations
- Consumers

DRAFT

Proposed Priority Mail Flat-Rate Box Communications Plan

Messages

- The Postal Service is delivering “shipping convenience” for customers — two new Priority Mail Flat Rate Box options at a flat rate of \$7.70 each. No weighing and no determination of the appropriate zone is required — just the value of Flat-Rate Priority Mail Boxes in two convenient sizes at one consistent price.
- The two Flat Rate Box options will be offered in familiar sizes — a box suitable for shipping garments (14 inches x 12 inches x 3.5 inches) and a shoe-style box (11.25 inches x 8.75 inches x 6 inches). The packaging will be produced by the Postal Service and provided free of charge at Post Offices and via USPS.com.
- Flat-rate pricing simplifies transactions for household customers, and small- and home-based businesses that would be able to communicate exact shipping costs to customers in advance.
- The Priority Mail Flat-Rate Box, along with other convenient postal shipping services such as Click-N-Ship, makes shipping via the Postal Service as simple and easy as possible.

Vehicles

Internal

- Postal Bulletin
- Internal print and electronic communications vehicles
- Department-specific internal communications
- USPS Intranet
- Customer contact personnel

External

- USPS.com
- Customer Publications
- Retail Lobby Communications
- Customer and Mailing Industry events
- General Media
- Mailing Industry Media
- Small Business-focused Media
- Priority Mail Flat-Rate Box Packaging

DRAFT

Proposed Priority Mail Flat-Rate Box Communications Plan

Initiatives and Timetable (*timetable be determined as the proposal moves through the approval and implementation process*)

Internal Communications

- Place articles with key message points in internal print and electronic communications vehicles
- Brief Unions and Management Associations on the Flat-Rate Box
- Prepare and publish field information/implementation kits in the *Postal Bulletin*

External Communications

- Place articles with key message points in customer-focused print and electronic communications vehicles
- Highlight availability of new boxes on USPS.com
- Update Priority Mail signage and messaging in postal lobbies
- Develop and distribute to general and subject-specific media press releases containing with key message points that announce the availability of the Flat-Rate Boxes.

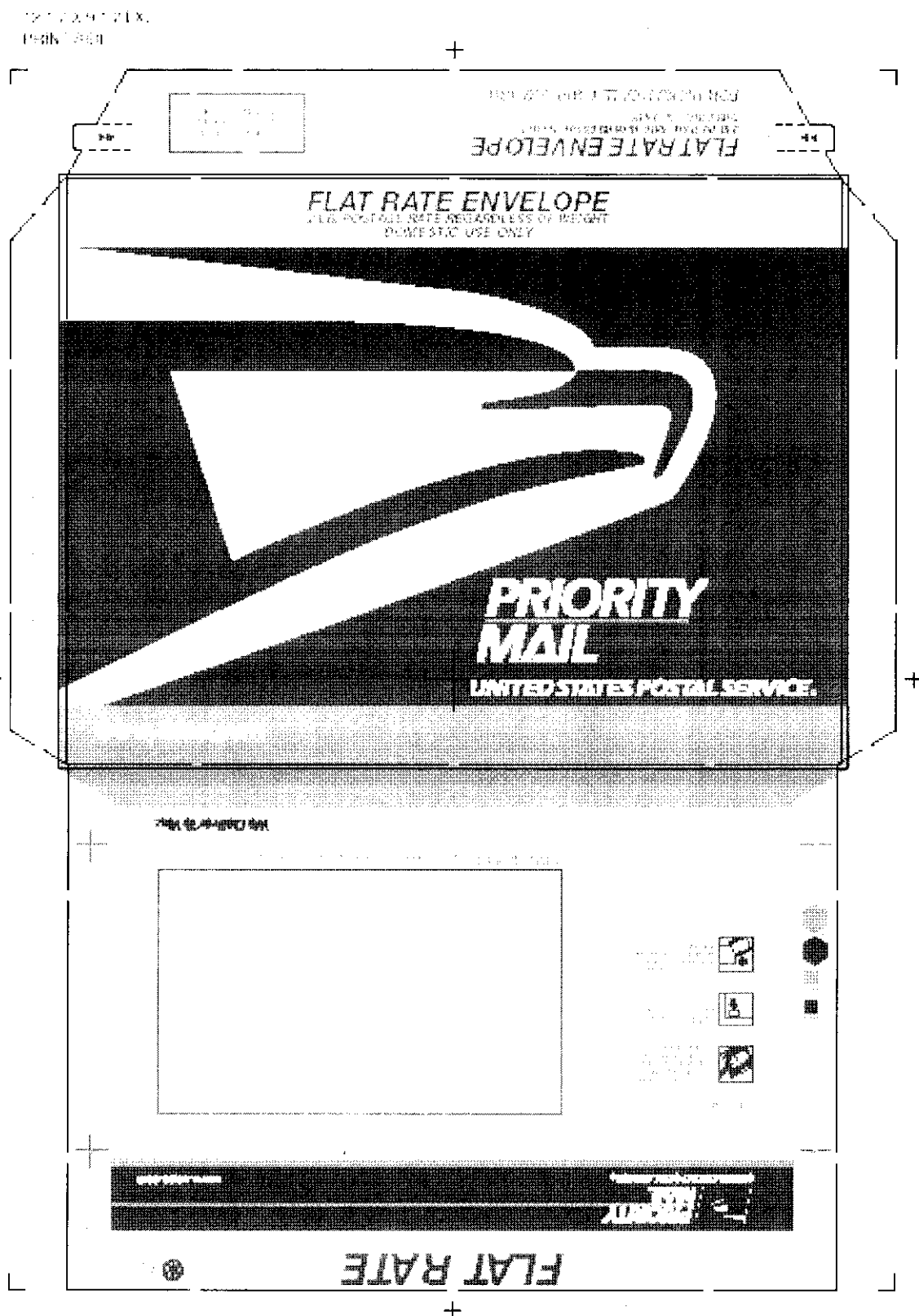
Special Messaging on Flat-Rate Box Packaging

The Flat-Rate Box packaging will include language advising customers that using the Flat Rate Box may not result in the lowest cost Priority Mail option.

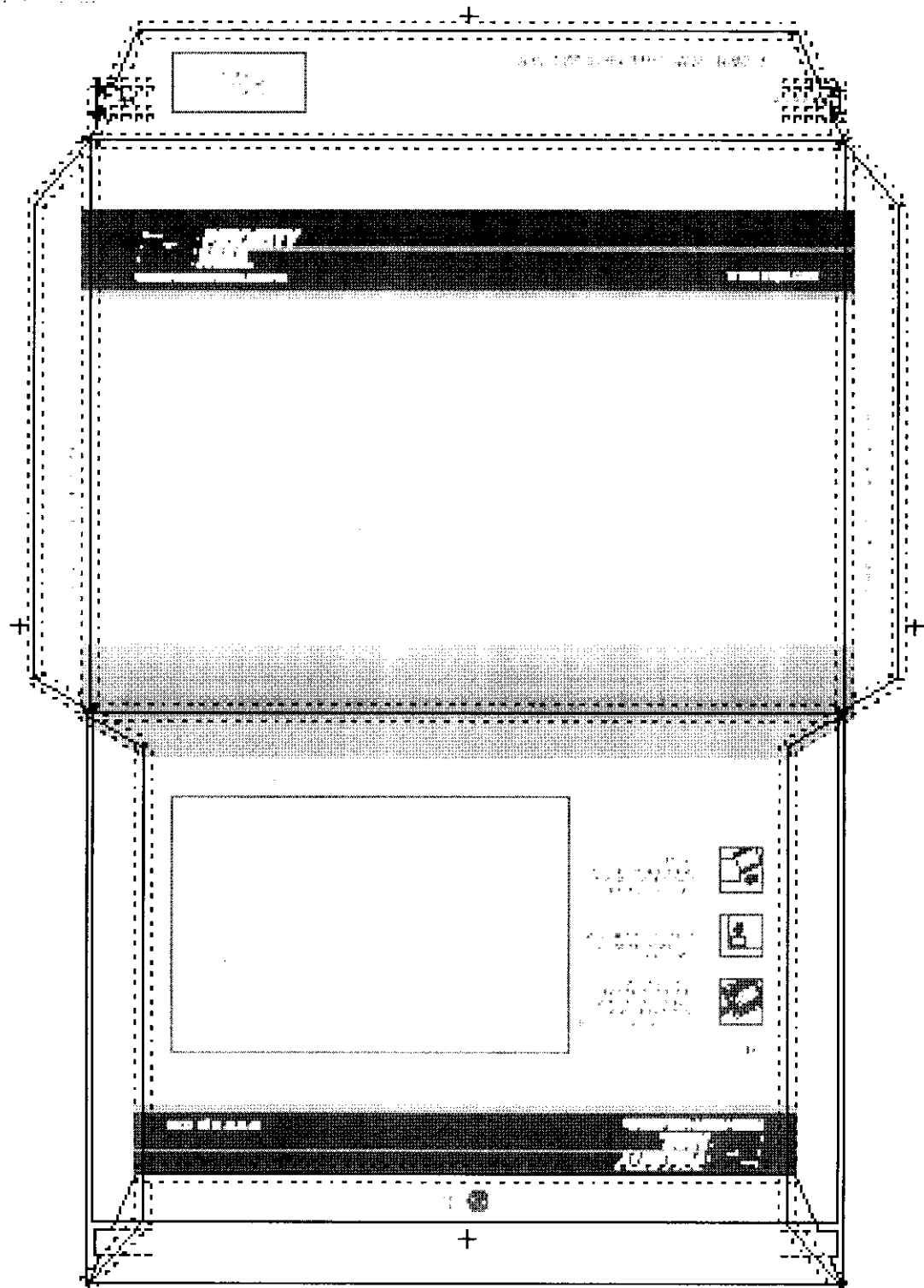
RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-21. In your response to DBP/USPS-T2-11[c], you indicated that a copies of the envelopes would be filed shortly. Please advise when they would be filed.

RESPONSE: Please see the attached.



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RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-22. Please refer to your response to DBP/USPS-T1-1. The confusion that took place after June 30, 2002 as discussed in the first paragraph of your response is a separate condition which was ultimately resolved by allowing any of the similarly sized envelopes to be treated as a flat-rate envelope. The condition that I am interested in is the one that relates to the entire rate period ending in June 2002. Since you do not know how widespread any such potential confusion may have been, please redirect this to the United States Postal Service for an institutional response from any qualified individual so long as they are aware of the condition [even if a "STUDY" has not been completed].

RESPONSE: I have spoken with a number of individuals involved with the program during this time period, and one was aware of anecdotal reports of some confusion regarding the uses of the different Priority Mail envelopes available at that time. Although this person did not know how widespread any such confusion may have been, one example of the confusion was uncovered. Specifically, a situation occurred in which a Priority Mail Flat-Rate envelope was deposited with postage reflecting not the flat rate (\$3.95), but the one-pound rate (\$3.50).

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-23. Please refer to your response to DBP/USPS-T1-5 subparts b, c, and d. The response that I am looking for in subpart b is the sources that an unsophisticated mailer would obtain the flat-rate box from the USPS. The response desired was an answer such as, from a post office window clerk, from a display in the post office lobby, by calling an 800 number, by making a request on the USPS website, etc. Please respond to my request as made in both subparts b, c, and d.

RESPONSE: "Unsophisticated" mailers, whoever they might be, will be afforded access to the Flat Rate Box items in the same manner as other mailers. As I have said in my direct testimony, at this time, the Postal Service plans to make the Flat-Rate Box packaging available via multiple channels including post offices and usps.com. Customers may also place orders via the supplies fulfillment center directly via phone, fax, or mail. This facility also fulfills orders placed via the Internet.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-24. Please refer to your response to DBP/USPS-T2-14. You indicate that label DDD2 is inaccurate to allow for carrier pickup and is in the process of revision. [a] Why isn't label DDD1 similarly inaccurate? [b] When do you expect that either or both of these labels will be revised?

RESPONSE:

[a] DDD2 would appear to be inaccurate in suggesting "all Domestic Mail weighing 16 ounces or over that bears stamps and all international and military APO/FPO mail weighing 16 ounces or over MUST be presented to a retail clerk at a post office."

Pickup of domestic mail by the letter carrier at the home or place of business is acceptable, as established in the DMM Revision published in *Postal Bulletin 21930*.

DDD1 is not inconsistent with requirements for mail entry, though it directs the mailer to use one specific means of entry for mail of this type. I am informed that DDD1 is being reviewed at this time, as well.

[b] An internal discussion within the Postal Service is underway regarding the necessity for, and nature of potential revisions. The timing of finalized language and production of new labels, if necessary, has not yet been determined.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-25. Your response to DBP/USPS-T2-17 related to confusion that may have existed on or around June 1, 2002. My interrogatory was for information that may have occurred at any time during the entire period that the rates that were in effect on June 1, 2002 existed. Please respond accordingly.

RESPONSE: My response was intended to describe conditions that existed during the entire period the rate was in effect, not simply the period on or around June 1, 2002. Therefore, I believe my original submission in response to DBP/USPS-T2-17 would be responsive here.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-26. Please refer to your response to DBP/USPS-T2-16. Please advise the general make-up of the readership of the Mailers Companion.

RESPONSE: I am informed that the distribution list includes approximately 155,000 recipients, and is made up of business mailers and internal USPS personnel, for the most part. It is estimated that approximately 60-65% of subscribers are business mailers, with the remainder being postal employees.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-27. Please refer to your response to OCA/USPS-T2-2 subparts d and e. You state that DMM E010 requires the mailer to provide identification when mailing an article. [a] Which specific subsection in DMM E010 contains this requirement? [b] Does this subsection apply to all classes of mail or is it limited to Overseas Military Mail only? [c] Please explain and provide a responsive answer to the original interrogatory.

RESPONSE:

[a] Section 1.6 "Restriction" outlines this possibility. Though the sender is not required to provide identification in all cases, he or she *"may"* be so required to do so.

[b] It is my understanding that this section applies to Priority Mail and single-piece rate Package Services.

[c] My original response was my best effort to answer the question posed by OCA. I do not believe my original answer was unresponsive, nor have I been advised that OCA believes such.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-28 Please refer to your responses to OCA/USPS-T2-2 and DBP/USPS-T2-27.

- [a] Are there restrictions against mailers who are not "known" from entering mail WHICH IS **NOT** MILITARY MAIL SENT OVERSEAS at a postal retail counter within the United States?
- [b] If so, what are these restrictions and the regulatory source for them?
- [c] Must an individual who enters Priority Mail or single-piece rate Package Services DESTINED TO OTHER THAN AN OVERSEAS MILITARY ADDRESS at a retail counter within the United States show personal identification before the mailpiece will be accepted?
- [d] Please explain and provide the regulatory sources.
- [e] Does DMM Section E010.1.6 apply to the mailer of single-piece rate Priority Mail and single-piece rate Package Services mail which weighs under 16 ounces?
- [f] Does DMM Section E010.1.6 apply to the mailer of single-piece rate Priority Mail and single-piece rate Package Services mail which is mailed at a post office in the United States and destined to a domestic location within the United States?
- [g] If your response to either subpart e or f is affirmative, please explain and provide any regulatory source.
- [h] Please confirm, or explain if you are unable to do so, that the Summary for DMM Section E010 states, "E010 describes the standards and general restrictions for mailing military mail overseas."
- [i] What percentage of the total Priority Mail stream does Priority Mail sent to military addresses overseas represent?

Response:

[a] Yes. I am informed the Retail Associate would inquire of the sender whether the package contains liquid, fragile, perishable, or potentially hazardous materials. The Retail associate may refuse to accept any package deemed unsafe, regardless of whether the sender is "known". DMM D100 describes the standards for depositing First-Class Mail including Priority Mail. It also covers procedures to verify correct presort preparation, postage payment, and corrective action taken, if required.

[b] The regulatory source referenced is DMM Issue 58 Updated 8-5-04.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

[c] According to DMM D100.2.6, an individual who enters Priority Mail or single-piece rate Package Services “*may* (emphasis added) be required to provide identification before the mail is accepted by the USPS.”

[d] Per DMM D100.2.6, the Postal Service has the option to ask for identification; though I am informed it is not standard practice at this time. The same language appears in DMM E010.1.6, which outlines the standards and general restrictions specifically for mailing military mail overseas. D700 describes standards regarding deposit, as well as service objectives for Package Services including single piece Package Services, though I found no specific mention of asking customers for identification. The regulatory source is DMM Issue 58 Updated 8-5-04.

[e] DMM E010.1.6 applies to single-piece rate Priority Mail and single-piece rate Package Services weighing 16 ounces or more.

[f] No.

[g] N/A

[h] Confirmed

[i] I am unable to answer this question precisely, though it is my understanding that military mail sent overseas makes up a relatively small percentage of overall Priority Mail volume.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-29 Please refer to your response to DBP/USPS-T2-21. Please provide copies of both sides of both envelopes reduced in size to the extent necessary that the entire copy will be visible on the 8-1/2 by 11-inch filing. Please describe the colors that are utilized in all four copies.

Response: Please see attached. The colors used are PMS 485 Red and PMS 294 Blue.

CKUP CALL 1-800-222-1811

USE ONLY

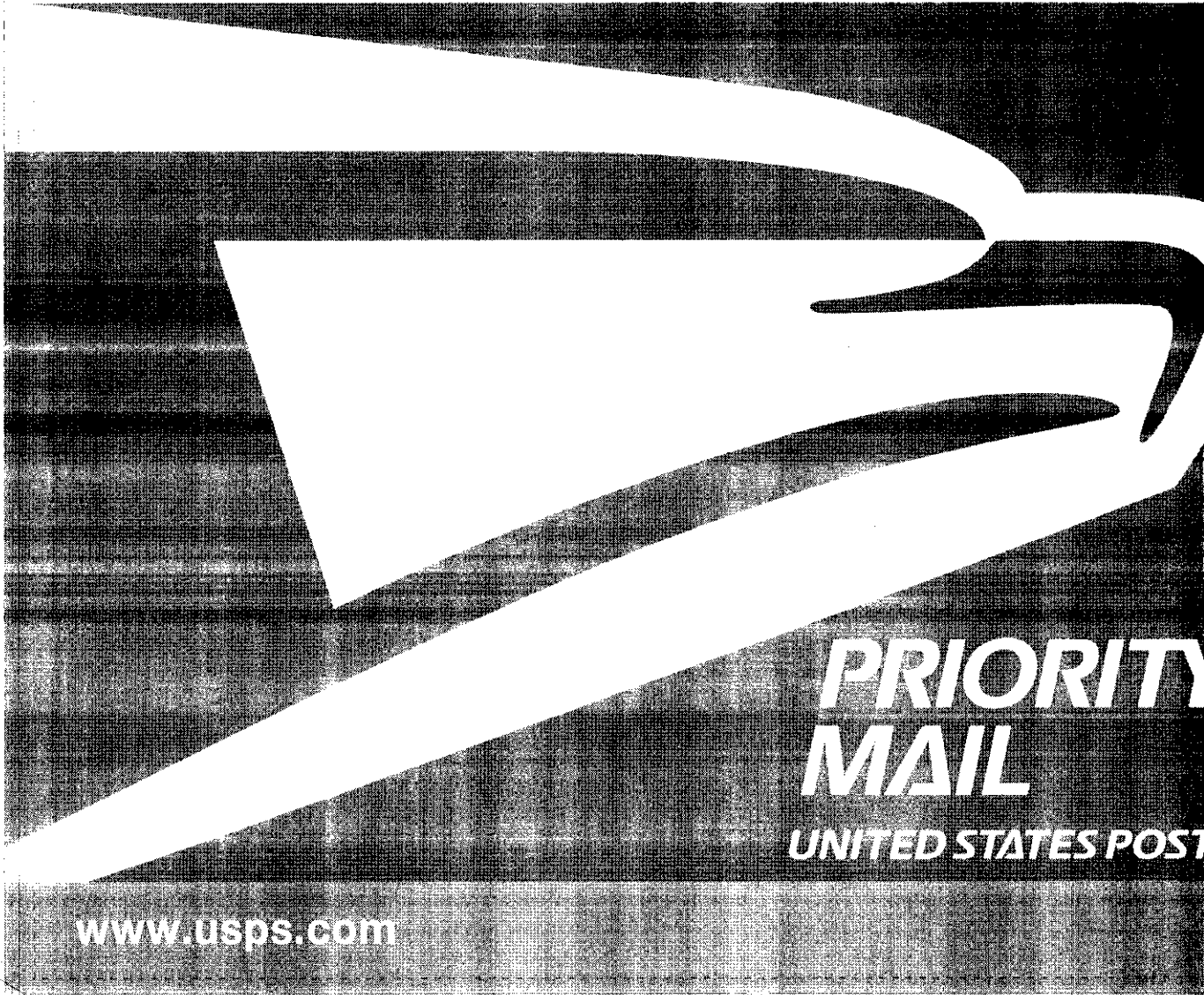
AGE RATE REGARDLESS OF WEIGHT

FLAT RATE ENVELOPE

DOMESTIC USE ONLY
PRIORITY MAIL
INTERNATIONAL MAIL

FLAT RATE ENVELOPE

2 LB POSTAGE RATE REGARDLESS OF WEIGHT
DOMESTIC USE ONLY

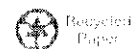


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THE ADDRESS LABEL AREA

1. Address label area
2. Return address label area
3. Postage label area

ITEMS THAT

cannot be shipped by mail
are not allowed.

1. Address label area
2. Return address label area
3. Postage label area

DEP14FD DEP14FD

We Deliver To You.

PICKUP CALL 1-800-222-1811

ALL INFORMATION
CONTAINED HEREIN
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MAIL**

UNITED STATES POSTAL SERVICE



100% Recycled
Material



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HOW TO USE



• ATTACH TO FLAT BOX LABEL AREA

Place label in the flat box label area
on the front of the box. Do not place
label on the top or bottom of the box.



• PAYMENT METHOD

Place payment method label in the
payment method label area.



• USE FLAT LABEL, IF PROVIDED

Place flat label in the flat label area.
Do not place label on the top or bottom of the box.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T2-30 Please refer to your response to DBP/USPS-T2-23. Your response did not provide the information requested in subparts c and d, namely, [a] Please provide your best estimate as to the percentage of the total that each of the sources will represent. [b] Please provide the information that the Postal Service will provide with each of these sources to allow the mailer to make an educated decision as to whether to choose a flat-rate box or a similar size non-flat-rate box.

Response:

[a] As noted in my response to DBP/USPS-T1-5[c], I have no basis for estimating the percentage of total usage by “unsophisticated” customers attributable to each of these channels.

[b] As noted in my response to DBP/USPS-T1-5[d], the Postal Service’s plan for messaging to the public has not been finalized. A draft communications plan will be provided in response to another interrogatory though the level of detail sought here has not been established.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS BARRETT TO POPKIN INTERROGATORY

DBP/USPS-T2-31. Please refer to your response to OCA/USPS-T2-25 in which you indicate that a mailer who brought a Priority Mail article, either a flat-rate box or a non-flat-rate box, that already had full postage affixed would still have a \$0.00 PVI label applied when the article was presented at a retail service window. [a] Please confirm, or explain if you are unable to do so, that one of the purposes of this \$0.00 PVI label is to indicate the destination ZIP Code. [b] Please confirm, or explain if you are unable to do so, is that another purpose of this \$0.00 PVI label is to indicate that the mail was presented over a retail service window and therefore will not be returned for security reasons if it is over 16 ounces in weight. [c] Please advise any other uses that are made of the information contained on this label. [d] Please advise whether a \$0.00 PVI label will also be affixed when full postage has already been applied to the article when the article is entered into the system at other than at a retail service window. If necessary, respond appropriately for each of the other different methods of mailing. [e] Does the addition of the \$0.00 PVI label with the destination ZIP Code add to the efficiency of the processing of the article and/or potentially shorten the delivery time? If not, please explain why it is added. If so, please provide the results of any studies that have been conducted.

RESPONSE:

[a] Confirmed.

[b] Confirmed that the presence of a PVI indicates entry via the retail counter.

[c] The bar code printed on a PVI is designed to be used in mail processing. PVI's with \$0.00 postage may also be used to indicate the actual mailing date when mail is presented at the retail window with postage affixed.

[d] No.

[e] Please see my response to part (c) above. The bar code is designed to enhance automation, though I am unaware of any specific studies conducted to assess the impact on efficiency or delivery time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BARRETT
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-T2-33. Please refer to your response to OCA/USPS-T2-13. The red bullseye that appears six times on each box states in part that there is "No weight limit". Does the normal Priority Mail weight limit of 70 pounds apply to the flat-rate box?

RESPONSE:

The 70-pound maximum weight for Priority Mail packages, as specified in Domestic Mail Manual E120.1.2 "Weight", will apply to the Flat-Rate Box. However, based on the two flat-rate box sizes, it is exceptionally unlikely that contents would reach this threshold. Also noteworthy is that the 70-pound weight limit is not communicated via printed language on any of the other corrugated containers provided for use with Priority Mail.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES REDIRECTED
FROM WITNESS SCHERER

DBP/USPS-T1-1. In your response to Interrogatory DBP/USPS-T2-11 subpart h, you indicate that you were not aware of any customer confusion. Please redirect this subpart to the United States Postal Service for an institutional response from any qualified individual.

RESPONSE:

I am aware of some anecdotal reports of confusion relating to the two very similar Postal Service-provided 9.5" x 12.5" paperboard Priority Mail envelopes (one a flat-rate Priority Mail envelope, the other a weight-and-zone-rated Priority Mail envelope). The confusion related to the difference between the two, which, after June 30, 2002, bore the same rate at one pound or less. In some cases, when the weight exceeded one pound, the non-flat rate envelope could be charged more. Ultimately, the Postal Service decided to eliminate the weight-rated envelope, and stock only the flat-rate envelope.

It is possible that there were misunderstandings regarding the uses of the two envelopes prior to June 30, 2002, when the two-pound rate applied to the flat-rate envelope, creating situations where the flat-rate envelope could have cost more than the weight-rated envelope for the same contents. I do not know how widespread any such potential confusion may have been, nor do I know of anyone who has studied such confusion.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES REDIRECTED
FROM WITNESS SCHERER

DBP/USPS-T1-4.

[a] Please advise the types of sophisticated mailers and the perceived conveniences you believe that they will have which will cause them to choose to utilize a flat-rate box when the postage for its use will be greater than the non-flat-rate postage.

RESPONSE:

[a] I have not studied or defined mailer sophistication. There are many possible sources of perceived convenience that might cause a mailer to choose the flat rate box when the postage for its use is greater than a weight-and-zone-rated alternative. Among them are rate certainty (especially useful to sellers of merchandise and their customers, who might value knowing shipping costs in advance), rate simplicity (no need for a scale), and the functional usefulness of the packaging.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO DAVID B. POPKIN INTERROGATORIES REDIRECTED
FROM WITNESS SCHERER

DBP/USPS-T1-5.

[b] Please advise the sources that an unsophisticated mailer will have to obtain a USPS box of the flat-rate box size for use in shipping an article by Priority Mail.

[c] Please provide your best estimate as to the percentage of the total that each of the sources will represent.

[d] Please provide the information the Postal Service will provide with each of these sources to allow the mailer to make an educated decision as to whether to choose a flat-rate box or a similar sized non-flat-rate box.

RESPONSE:

[b] I have not studied or defined mailer sophistication. All mailers will be afforded access to the flat-rate boxes as described in my testimony.

[c] I have no basis for estimating the percentage of total usage by "unsophisticated" customers attributable to each of these channels.

[d] At this time, the Postal Service's plan for messaging to the public has not been finalized. A communications plan will be developed based, in part, on the outcome of this proceeding, when all details of the offering itself are known and final.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-1. You indicate on page 7 of your testimony that the Flat-Rate Priority Mail packages may be picked up by a Postal Service letter carrier from the home or place of business if the customer is a "known mailer." Please define a "known mailer" and indicate whether it applies to a person visiting the address.

Response:

I am informed that "known mailer" is not a term customarily used by the Postal Service in the context of domestic mailings. I was simply using the term in a general context to describe restrictions on mail entry that apply to packages weighing 16 ounces or more and bearing postage in the form of stamps. Stamped mail may be picked up from the home or place of business if the return address on the piece matches the location of pickup. A person visiting the address would be outside the normal routine, and would likely not be permitted to leave a package weighing 16 ounces or more and bearing stamps as postage for pickup by a letter carrier.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-2. At pages 7-8 of your testimony, you state:

These items must be entered at the post office, or may be picked up by a Postal Service letter carrier from the home or place of business if the customer is a 'known mailer' and the return address on the package matches the location of pick-up.

- a. Has the Postal Service published any official rules or regulations (e.g., in the Federal Register) defining which individuals are "known mailers" and which are not? If so, please provide the date and location of publication.
- b. Has the Postal Service published any guidelines in the Postal Operations Manual on how to determine whether an individual is a "known mailer"? If so, please provide a publication date and cite for this information. Also, provide a copy of the new material.
- c. Has the Postal Service circulated any internal memoranda to retail offices and carrier offices defining or describing who is a "known mailer"? If so, please provide a copy of such memoranda, the author's name and position, the date the memoranda were circulated, and the locations where the memoranda were circulated.
- d. Are there restrictions against mailers who are not "known" from entering mail at a postal retail counter? If so, what are these restrictions.
- e. Must an individual who enters Priority Mail at a retail counter show personal identification before the mailpiece will be accepted? Please explain.

Response:

[a] I am informed that the term "known mailer" does not apply to aviation security, instead having application to International mail. In an effort to avoid confusion, the language "sender known to the postal carrier" is used to refer to domestic mail. I am told a definition of this term has not been published.

[b] Please see my response to [a] concerning use of the term "known mailer." After discussion with security officials of the Postal Service, I am informed that no such guidelines have been published in the POM.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-2, response (Continued):

[c] Please see my response to [a] concerning use of the term "known mailer." After discussion with security officials of the Postal Service, I am informed that no such internal memoranda were disseminated.

[d] I am informed that, per DMM E010, the sender, "known" or otherwise, may be required to provide identification before the mail is accepted by the USPS. Further, the Retail associate would inquire of the sender whether the package contains liquid, fragile, perishable, or potentially hazardous materials. The Retail associate may refuse to accept any package the customer cannot deem safe. If the package is hazardous, it would be refused regardless of whether or not the sender is known.

[e] Please see my response to [d] above. I am informed that the Postal Service has the option to ask for identification, though it is not standard practice at this time.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-3. Please confirm that the Postal Service has launched a program to install self-service package mailing centers at many postal retail facilities.

- a. What is the name of this program and what is the name for such centers?
- b. Will it be possible for mailers who are not "known" to postal employees to mail Priority Mail packages at such centers?
- c. Will it be necessary for mailers at the self-service centers to show personal identification?
- d. Please relate how extensive the placement of these self-service package centers will be, e.g., will every retail facility have one? If not, what percentage of postal facilities are planned to have such self-service centers?

Response: Confirmed

[a] Automated Postal Center (APC)

[b] Any mailer using an APC will need to provide identifying information. Payment is required by credit card, and the sender is photographed during the transaction.

[c] See my response to [b].

[d] Not every retail facility will have an APC. The Postal Service currently has a planned roll-out of over 2500 units for placement within its highest traffic locations. This is approximately 7% of all Post Offices.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-4. At page 8 of your testimony you state that:

While the Flat-Rate Box offers convenience as described in my testimony, it will be subject to the same security guidelines that apply to the mailing of other Priority Mail packages.

Please describe in detail the security guidelines that apply to the mailing of other Priority Mail packages. Also explain how these guidelines will be applied to the mailing of Priority Mail Flat-Rate packages.

Response:

I am informed that the guidelines in place were contained in the attached revision to the Domestic Mail Manual, published in Postal Bulletin 21930 on 10-10-96. The Flat Rate Box will be subject to the same guidelines, applied in the same fashion as with other Priority Mail packages.

Domestic Mail

DMM Revision

Mailing Restrictions for Domestic Packages Weighing 16 Ounces or More

Effective August 16, 1996, *Domestic Mail Manual* (DMM) D100.2.1 and D100.2.3 are revised and DMM D100.2.6 is added to reflect restrictions on the mailing of single-piece rate Priority Mail packages weighing 16 ounces or more that are paid with adhesive stamps. Also effective August 16, 1996, DMM E010.1.7 is added to reflect restrictions on the mailing of all single-piece rate packages weighing 16 ounces or more that are addressed to overseas military installations, regardless of postage payment method.

On September 27, 1995, the Postal Service published a final rule in the *Federal Register* announcing restrictions on the mailing of packages weighing 16 ounces or more to international and APO/FPO destinations (60 FR 49755-49758). These restrictions were promulgated to enhance airline security measures and to protect the traveling public, postal employees, and postal contractors who transport U.S. mail. The Postal Service developed these changes in package collection procedures in consultation with the Federal Aviation Administration (FAA).

The Postal Service has now determined, for the same reasons, to extend similar restrictions to packages that are deposited into collection receptacles and mailed to domestic addresses. These added provisions will affect only First-Class/Priority Mail packages weighing 16 ounces or more that bear postage stamps and that are mailed from domestic addresses. These restrictions do not affect Express Mail, Periodicals (former second-class mail), or Standard Mail (B) (former fourth-class mail) at any weight up to the maximum of 70 pounds; any item weighing less than 16 ounces; and any package, regardless of weight, for which postage is paid with a postage meter or a permit imprint.

Under the revised standards set forth below, domestic First-Class/Priority Mail packages bearing postage stamps and weighing 16 ounces or more may not be deposited into collection receptacles, including street, lobby, and apartment boxes, or left in rural mailboxes. Instead, these packages must be presented by the sender at a post office, station, or branch. A sender known to a Postal Service delivery employee may also give such packages to a city, rural, or highway contract letter carrier.

Any affected package weighing 16 ounces or more that requires air transportation and that is deposited into a collection receptacle will be returned to the sender with a note ask-

ing the sender to present the package personally at the local post office or to a city, rural, or highway contract letter carrier if the sender is known to the carrier. Postage on an item improperly deposited into a collection receptacle may be used when the item is remailed at the post office. A sender who does not wish to remail a returned item may apply for a postage refund for the item at any post office. Any piece without a return address will be sent to a Postal Service mail recovery center to determine the identity of the sender for appropriate return.

Domestic Mail Manual (DMM)

D Deposit, Collection, and Delivery

* * * * *

D100 First-Class Mail

* * * * *

2.0 MAIL DEPOSIT

[Revise 2.1 and 2.3 and add new 2.6 to read as follows:]

2.1 Single-Piece and Card Rates

Single-piece rate and card rate First-Class Mail, and single-piece rate Priority Mail weighing less than 16 ounces, may be deposited into any collection box, mailchute, or mail receptacle or at any place where mail is accepted if the full required postage is paid with adhesive stamps. Metered mail must be deposited in locations under the jurisdiction of the licensing post office, except as permitted under P030. Permit imprint mail must be presented at a post office under P040 or P700.

* * * * *

2.3 Zoned Rate Priority Mail

Unless restricted by 2.6, pickup service for Priority Mail is available under D010. Single-piece rate Priority Mail paid with adhesive stamps and weighing 16 ounces or more must be presented at a post office retail counter or handed to a postal carrier as prescribed by 2.6. Metered mail must be deposited in locations under the jurisdiction of the licensing post office, except as permitted under P030. Permit imprint mail must be presented at a post office under P040 or P700.

* * * * *

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-5. At page 7 of your testimony you state that Priority Mail Flat-Rate packages "may be picked up by a Postal Service letter carrier from the home or place of business." Please state whether the following pickup methods will be available for Priority Mail Flat-Rate packages:

- a. Free Carrier Pickup for "Requests . . . received by 2:00 AM CST." See <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> and <http://www.usps.com/pickup/>
- b. Pickup on Demand. See <http://pickup.usps.com/pickup/>
- c. Are there any other pickup options besides those listed parts a. and b. of this interrogatory?
 - i. If so, please explain what the other pickup options are.
 - ii. Is there a name for this option? If so, please state the name.
- d. Please confirm that the Postal Service charges \$12.50 for Pickup on Demand (cited in part b. of this interrogatory), but that no charge is imposed for Carrier Pickup (cited in part a. of this interrogatory). If you do not confirm, explain why not.
- e. With respect to zone/pound-rated Priority Mail, what types of postage checks do carriers make under the free Carrier Pickup service?
- f. With respect to zone/pound-rated Priority Mail, what types of postage checks do carriers make under the Pickup on Demand service?
- g. Describe generally where and how postage checks are made for zone/pound-rated Priority Mail that is picked up by a carrier. In this description, state the role (if any) of postal clerks.

Response:

[a] This internet-based notification service will be available to Priority Mail Flat Rate Box users on the same basis as all other Priority Mail users. There currently are some locations which lack the capability to implement this notification service.

[b] Yes, in some locations.

[c] Yes.

[i] Pickup during the normal carrier delivery route without prior notification.

[ii] I am unaware of any special name other than that used in [i].

[d] Confirmed

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-5, response (Continued):

[e]-[f] It is my understanding that carriers are expected to verify that postage has been applied, but are not expected to verify that the correct amount has been applied.

[g] It is my understanding that supervisors are responsible for ensuring postage verification. Postal clerks do not have a specific role, unless directed to do so by supervisors.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-6. Please confirm that free Carrier Pickup, requested online at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>, was launched on Sunday, February 1, 2004, in selected locations.

- a. If you cannot confirm, please state any additional facts that would make the statement correct.
- b. Also, please provide a copy of the Postal Service's public and internal announcements of the new pickup service.
- c. Please state whether the free Carrier Pickup service cited above is available in all ZIP codes across the nation. If not, which ZIP codes cannot use this service?
- d. If some ZIP codes are excluded from participation, what are the criteria for inclusion/exclusion?
- e. Please confirm that the Carrier Pickup service cited above was not available at the time that Docket No. R2001-1 was filed by the Postal Service with the Postal Rate Commission. If you cannot confirm, please explain why not.
- f. Please confirm that the Postal Service indicated nowhere in its filings in Docket No. R2001-1 that the Carrier Pickup service cited above would be available at a future date. If you do not confirm, provide cites to the Postal Service's Docket No. R2001-1 filing that refer to the new Carrier Pickup service.
- g. Please confirm that, in its Docket No. R2001-1 filing, the Postal Service did not explicitly account for the differences in cost that might arise from the Carrier Pickup service cited above. If you do not confirm, provide cites to all documents filed by the Postal Service in Docket No. R2001-1 that explicitly account for the Carrier Pickup service costs.
- h. Prior to implementation of the free Carrier Pickup service cited above, what methods of entry into the postal system for Priority Mail packages, by means of postal carriers, were available to mailers? If free Carrier Pickup is not available in all ZIP codes, then are the methods noted in the preceding sentence those that are (and will be) available during the period of the Flat-Rate Box experiment for ZIP codes not participating in free Carrier Pickup? Please explain.

Response:

Not quite. Postal Service carriers have collected mail along their routes for as long as there have been carriers. However, the "Carrier Pickup" service at issue in your question is a web interface that enables mailers to alert their carrier of an anticipated collection via the internet. This internet-based notification service was first tested in November of 2003.

[a] See above.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-6, response (Continued):

[b] Objection filed.

[c] "Carrier Pickup" (with internet-based notification) is not currently available in all ZIP Codes.

[d] It is my understanding that not all post offices have the technological infrastructure to implement internet-based notification at this time.

[e] Carrier pickup has always been available at the time of delivery. The online notification tool was not available at the time that Docket No. R2001-1 was filed by the Postal Service with the Postal Rate Commission.

[f] Objection filed.

[g] Objection filed.

[h] See my response to Interrogatory OCA/USPS-T2-5[c], above.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORIES

OCA/USPS-T2-7. Please describe in detail how the Postal Service will inform mailers of the most advantageous rate available to them for Priority Mail boxes. Specifically, how will the Postal Service publicize that zone/pound-rated Priority Mail is cheaper for all 1- and 2-pound packages, and that it is cheaper for lower zones in the 3 – 7 pound tiers?

Response:

Please see my response to DBP/USPS-T2-18[a].

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-8. OCA received informal advice from the Postal Service recently that free Carrier Pickup service is defined in the DMM. Please provide a citation to any provisions of the DMM that indicate when and how free Carrier Pickup can be obtained.

Response:

To the best of my knowledge, all pickup services are discussed in DMM section D010.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-9. OCA received informal advice from the Postal Service recently that free Carrier Pickup service is defined in the POM.

- a. Please provide a citation to any provisions of the POM that indicate when and how free Carrier Pickup can be obtained.
- b. Also, please furnish as a library reference the most recent edition of POM issue 8. (At <http://www.usps.com/cpim/ftp/pubs/pub223/c26man.html> edition 7/02 is listed as the most recent version.)
- c. Is POM issue 8, edition 7/02, the most recent version? If not, what is the most recent version?

Response:

[a] After searching the POM, with particular focus on Section 3, "Collection Service — National Service Standards" I am unable to identify any specific reference to the online notification service for carrier pickup. If your question refers to other conditions under which carriers may pick up, for no charge, I am unaware of any pertinent POM sections.

[b] A library reference will be filed.

[c] No. It is my understanding that POM issue 8, edition 7/02 is not the most recent version. POM Issue 9, July 2002 Updated With Postal Bulletin Revisions Through March 18, 2004 has been released and appears to be more recent.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-10. Please confirm that DMM §D010 "describes what mail classes are available for pickup and situations when pickup service is not available. It also covers additional standards for on-call and scheduled services." If you do not confirm, please explain why not.

Response:

Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-11. DMM §D010.1.5 refers to a fee for pickup service and a requirement that a customer sign Form 5541. Please furnish a copy of Form 5541 as a library reference.

Response:

See the attached form.

Pickup Service Statement**Express Mail, Global Express Guaranteed, Priority Mail, or Parcel Post****1. Customer Information**

Customer Name

Quantity

Company Name

Express Mail

Address 1

Global Express Guaranteed

Address 2

Priority Mail

City

Parcel Post
(Domestic or International)

State

ZIP + 4

Estimated total weight
of all packages
(In pounds)**3. Payment Method**☐ Check made payable to
"Postmaster"☐ Merchandise Return
Label☐ Express Mail Corporate Account No.
or Federal Agency No.:☐ Postage Due Account☐ Stamps or Metered
Postage (Affix at right)**4. Affix Stamps or Meter Strip Here (If applicable)**

5. Customer Signature

6. USPS Signature

7. Date & Time of Pickup

Instructions

Completed by Postal Employee:

1. **Customer Information:** Enter customer name (if applicable), address, suite number, city, state, and ZIP + 4 where pickup is requested. If the ZIP + 4 is not known, enter the ZIP Code.
2. **Product Information:** Enter the quantity of each product to be picked up and enter the estimated weight in pounds for all products.
3. **Payment Method:** Indicate method of payment for pickup service. Be sure to include account number where applicable.

Completed by the Customer:

4. **Affix Stamps or Meter Strip Here:** If applicable.
5. Customer Signature.

Completed by Postal Employee:

6. This space is for the signature of the postal employee who picks up the mailpiece(s).
7. The postal employee enters the date and time and place of the pickup.

NOTE TO POSTAL EMPLOYEE: Provide customer part 2, *Customer copy*; and return part 1, *Finance copy* to office for processing.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-12. Please confirm that DMM §D010.2.2 states that:

"Pickup fees are listed in R100, R500, and R700. The customer is charged the required fee:

- a. Every time pickup service is provided, regardless of the number of pieces or combination of classes of mail."

If you do not confirm, please explain why not.

Response:

Not confirmed. DMM Issue 58 Updated 7-8-04 states the following in D010.2.2:

Pickup fees are listed in R100, R500, and R700. The customer is charged the required fee:

- a. Every time pickup service is provided, regardless of the number of pieces or combination of classes of mail.
- b. For additional trips to pick up exceptional volume of which the serving post office was not notified.

Therefore, there are also instances in which a fee is not "required." Section 2.3 discusses these instances.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-13. Please confirm that DMM §D010.2.3 states that:

“The customer is not charged the applicable fee for:

* * *

- b. Express Mail, Priority Mail, or Parcel Post that is collected during a regular delivery stop or a scheduled stop to collect mail not subject to a pickup fee.”

If you do not confirm, please explain why not.

Response:

Not confirmed. DMM Issue 58 Updated 7-8-04 states the following in D010.2.3:

The customer is not charged the applicable fee for:

- a. A scheduled pickup that is canceled as required.
- b. An on-call pickup that is canceled before the USPS employee is dispatched for the pickup.
- c. Express Mail, Priority Mail, or Parcel Post that is collected during a regular delivery stop or a scheduled stop to collect mail not subject to a pickup fee.
- d. Priority Mail or Parcel Post using a merchandise return service label that indicates that the permit holder will pay for pickup service.
- e. Priority Mail reshipment service (E120).

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-14. Please confirm that "a regular delivery stop" for a curbside delivery made from a postal vehicle typically is effected by placing mail into the curbside box and does not involve exiting the vehicle. If you do not confirm, please explain why not.

RESPONSE: Not confirmed. A "regular delivery stop" is for all types of mail, including mail that is larger than the mail receptacle or mail that requires a customer signature.

Delivery of this mail should not be viewed as "irregular" since it is a normal activity, although it does require exiting the vehicle.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-15. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally does not exit the postal vehicle used to make deliveries on a curbside route): (1) exit the vehicle, (2) walk a path to the door, (3) ring a doorbell or knock on the door, (4) wait for the mailer to answer the door, (5) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service's request is approved), and (6) walk back to the vehicle. If you do not confirm, please explain why not.

RESPONSE: See the response to OCA/USPS-T2-14 regarding the characterization of a normal or "regular delivery stop." If the notification involves a package that will not fit in the mailbox, then the carrier will exit the vehicle to retrieve the package. It is possible that the six steps outlined here could occur.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-16. . Please confirm that "a regular delivery stop" for a clusterbox delivery typically is made at a central delivery location and does not involve driving or walking to individual homes or businesses to effect delivery. If you do not confirm, please explain why not.

RESPONSE: Not confirmed. Delivery of mail that requires a signature would be made at the door as stated in OCA/USPS-T2-14. Carriers may be required to go to residences or businesses to complete delivery, but this should not be considered "irregular". Clusterbox units do have parcel lockers for oversize pieces; however, this does not remove the responsibility of signatures being required for some items at the time of delivery.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-17. Please confirm that the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa> potentially includes having a carrier (who normally makes a customer's mail delivery to a clusterbox): (1) drive a considerable distance from the clusterbox to the mailer's residence or business, (2) exit the vehicle, (3) walk a path to the door, (4) ring a doorbell or knock on the door, (5) wait for the mailer to answer the door, (6) wait for the mailer to retrieve the package (a Priority Mail flat-rate box, if the Postal Service's request is approved), (7) walk back to the vehicle, and (8) resume driving the route. If you do not confirm, please explain why not.

RESPONSE:

It is possible that the steps listed here could occur. See the response to OCA/USPS-T2-15.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-18. Please confirm that the following would constitute the primary channels for entering single-piece Priority Mail flat-rate boxes into the mailstream:

- a. At a retail counter
- b. At a self-service retail center
- c. At an Automated Package Center
- d. By means of the \$12.50 Scheduled Pickup service
- e. By means of the free Carrier Pickup service accessed at <https://carrierpickup.usps.com/cgi-bin/WebObjects/CarrierPickup.woa>
- f. By means of carrier pickups that do not involve deviations from the normal delivery route, such as leaving a Priority Mail flat-rate box in a business mailroom, or in (or next to) a curbside mailbox.
- g. Please list any other channels that are likely to be used.
- h. For each of a. – g. above, rank them by likely cost to the Postal Service for each entry method. List the most costly method first, then in descending order to least costly. Please explain your reasoning for determining the relative cost positions. Include a discussion of the clerk or carrier activities associated for each method of entry.

RESPONSE:

- a.-g. Most parcels would be entered through these channels.
- h. This cost information is not available for the flat-rate box, which has not yet been introduced, so the requested ranking is not available. Beyond that, the Postal Service does not explicitly track the acceptance costs by shape for all of the individual channels listed. To the extent these costs are incurred, they show up in the volume variable costs through standard CRA methods.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-21. Is it possible for clusterbox recipients to leave Priority Mail packages in a locked area of a clusterbox for carrier pickup? If so, please explain how this arrangement works. If not, please explain why not.

Response: It is my understanding that customers are able to access the locked area of a clusterbox only in receiving a package, and not to leave a package for pickup. The letter carrier leaves the customer a key in the customer's mail box to access a parcel locker containing the parcel. (If no locker is available, a delivery notice may be left in the customer's mail receptacle). However, for security purposes, this key cannot be removed from the lock after the customer opens the locker to retrieve the package. The customer therefore generally has no means of access to the parcel locker to leave packages for pickup.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-22. Will it be possible for mailers to leave Priority Mail flat-rate boxes in a locked area of all clusterboxes for carrier pickup? If not, please explain.

Response:

No. Please see my response to OCA/USPS-T2-21.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-23. Will high-volume mailers of Priority Mail be permitted to use flat-rate boxes? If so, please explain how the Postal Service will accommodate high-volume mailer requirements. If not, why not? If not, how will the Postal Service prevent high-volume use of the flat-rate option?

Response:

The Postal Service currently plans to afford mailers of all types access to the Flat Rate Box options on equal terms via multiple channels. No distinction among mailers based on volume currently is planned in the fulfillment process.

RESPONSE OF POSTAL SERVICE WITNESS BARRETT
TO OCA INTERROGATORY

OCA/USPS-T2-25. Please describe, step-by-step (action-by-action), how a retail clerk accepts a pound/zone-rate Priority Mail package at the window. Please compare this (step-by-step, action-by-action) to your expectation of how a Priority Mail flat-rate box will be accepted.

Response: I am informed that the standard procedure for accepting a weight/zone-rated package begins with placing the article on the scale that is built into the workspace and obtaining the destination ZIP Code of the piece. From this point, the procedure may differ slightly based on the information technology configuration in place. In Point of Service (POS) units, which handle the vast majority of retail transactions, the retail associate would next select Priority Mail from a mail class selection screen on the monitor. The destination ZIP Code (coupled with the origination ZIP Code in place as a system default) enables the system to automatically compute the zone of the mail piece. The zone, combined with the weight obtained via the scale, allows a base rate calculation for the mail class selected. A special services screen is then prompted, which enables the optional addition of features such as Delivery Confirmation, Signature Confirmation, or Insurance to the transaction. The total postage is then computed automatically for the retail associate and a mailing summary screen follows. The customer tenders payment and the retail associate prints and affixes a Postage Validation Imprinter (PVI) label in the amount of the postage. The package is then positioned for later dispatch to a processing facility. If the package already contains postage, the process would differ in that a \$0.00 PVI label would be applied. If the package contains only partial postage, the PVI label would make up the

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difference in the postage applied and the total amount necessary.

I am informed that the Priority Mail Flat Rate Box would follow this same procedure, except the mail class selection would be "Priority Mail Flat Rate Box" rather than "Priority Mail." Although the rate would be predetermined, the weight and ZIP Code would still be collected as part of the transaction. The weight would be automatically measured simply by virtue of the piece being placed in the convenient working space, and the ZIP Code is entered in order to generate the destination barcode for the PVI label.

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OCA/USPS-T-26. Please describe how and where postage on a pound/zone-rate Priority Mail package is verified following pickup by a carrier.

Response: I am informed that, during the route, the carrier is required to verify that postage has been applied to the piece; however, he is not required to verify the amount of postage. Supervisors are responsible for ensuring that mail is routinely sampled to assure that correct postage has been paid. Revenue assurance is the responsibility of all postal employees, and postage may therefore be validated at any point in the process from acceptance to delivery, though no formal or automated procedure exists to verify every piece.

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OCA/USPS-T-27. Please confirm that verification of postage for a Priority Mail flat rate box would be less time-consuming than verification of a pound/zone-rate Priority Mail package since the flat-rate box would not have to be weighed and the zone would not have to be determined. If you do not confirm, please explain.

Response: Unable to confirm. It is possible that Priority Mail Flat-Rate Boxes will be more easily identified as requiring a specific amount of postage, and therefore may be more readily identifiable as bearing incorrect postage, without weighing and zoning. In such cases, a time savings in verification may exist for Flat-Rate Boxes. However, when postage is applied at the window, the verification process will be the same for weight/zone rated and Flat-Rate Boxes. Moreover, it should be borne in mind that, per my response to OCA/USPS-T-26, a formal process to verify the postage on every package does not exist.

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OCA/USPS-T2-28. Please confirm that acceptance of a Priority Mail flat-rate box at a retail window is likely to be less costly than the acceptance of a zone/pound-rate Priority Mail package since:

- a. the pound-rate box must be weighed, but the flat-rate box would not be weighed. If you do not confirm, please explain.
- b. the zone-rate box must be checked for the origin and destination ZIP code information so that the zone can be determined, but such information is not noted for the flat-rate box. If you do not confirm, please explain.

Response:

[a] Not confirmed. Weighing the piece, in and of itself, is not likely to affect the relative cost of the acceptance process since the piece will routinely be placed on the scale on the countertop, the most convenient workspace available.

[b] Not confirmed. The origin ZIP Code is in place, as a system default, by virtue of the mail piece being entered at that location. The destination ZIP Code is entered for all packages since the PVI is to include a destination barcode.

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OCA/USPS-T2-29. Please confirm that the entry into the mailstream of a Priority Mail flat-rate box via carrier pickup is likely to be less costly than the entry of a zone/pound rate Priority Mail package via carrier pickup since:

a. the pound-rate box must be weighed after it has entered the postal mailstream to verify that the postage applied is correct, but the flat-rate box would not be weighed. If you do not confirm, please explain.

b. the zone-rate box must be checked to assure it has origin and destination ZIP code information so that the zone can be determined and the postage amount verified, but the flat-rate box would not need to be checked for such information. If you do not confirm, please explain.

Response:

[a] Not confirmed. Not every pound-rate box "must be weighed" after it is entered into the mailstream. See the response to OCA/USPS-T2-26.

[b] Not confirmed. Not every zone-rated box "must be checked" to see if the zone is correct. See the response to OCA/USPS-T2-26.

United States Postal Service

**L. Paul Loetscher
(USPS-T-3)**

RESPONSE OF POSTAL SERVICE WITNESS LOETSCHER TO
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DBP/USPS-T3-1. Please refer to Page 2 of USPS-LR-2/MC2004-2 and advise the proper volume for Phoenix AZ.

RESPONSE:

On page 2 of USPS-LR-2, ODIS destinating Priority Mail volume for Phoenix should be 14,851,957, not 14,8511,957, as originally presented in the table. An appropriate erratum will be filed.

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DBP/USPS-T3-2. [a] Please refer to Pages 1 and 2 of USPS-LR-2/MC2004-2, please provide specific details on how the sample sites were chosen. [b] Please confirm, or explain if you are not able to confirm, that there are no locations in the continental United States [lower 48 states] that are within the 8th Zone for the Kansas City and Wichita sites. [c] Do you believe that this had an effect on your study? Please provide your reasons for this belief.

RESPONSE:

[a] As stated in USPS-LR-2, page 1, the sample sites were randomly selected with probability proportional to total ODIS destinating Priority Mail volume for FY 2002. The ten sample sites selected were chosen by first sorting the 470 sites by ODIS destinating Priority Mail volume in descending order. Then the cumulative proportion of destinating Priority Mail volume for each site was calculated using the formula:

$$\text{Cumulative percent}_i = \frac{\sum_{j=1}^i \text{volume}_j}{\sum_{j=1}^{470} \text{volume}_j}$$

The Excel RAND() function was then used to produce 10 random numbers. A site was chosen for sampling if the random number chosen was less than the site's cumulative percent but greater than the cumulative percent of the previous site.

[b] Confirmed.

[c] The fact that "no locations in the continental United States are within the 8th Zone for the Kansas City and Wichita sites" does not have an effect on the study. The study was intended to provide national estimates of size distributions and density for Priority Mail parcels. The sampling procedure employed was designed to give all destinating Priority Mail parcels an equal probability of selection.

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DBP/USPS-T3-3. Since you only utilized 5,368 sample pieces, please describe in detail the sampling procedure that you utilized at each of the sites.

RESPONSE:

The attached document is the detailed sampling instructions given to data collection teams for this study. This document describes in detail the issues to be discussed at each site with operations personnel to determine the location of sampling and to identify the universe from which to sample. The document also describes the sampling procedures to be employed and the suggested skip rates.

Each team was staffed with at least one individual experienced in sampling techniques. This individual was charged with the responsibility of working with the Postal Service representative at each site to understand the flows of all Priority Mail parcels through the facility and to design a site-specific sampling procedure that was both consistent with the study design and could be conducted safely with minimal interference with Priority Mail operations.

In most cases Priority Mail arriving at the facility was brought into a staging area before the mail was dispatched to either the SPBS or manual operations. Sampling was conducted at or near the staging area when it could be conducted safely and when destinating parcels for the sample site could be identified. Sampling was conducted as described in the instructions. In these cases we requested that platform personnel be informed of the study and all Priority Mail to be worked in the facility be brought to the staging area so that the appropriate skip rates could be applied and selected containers sampled.

When space, safety or operational considerations precluded sampling mail prior to sortation operations, or when the mail destinating at the sample site could not be separately

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identified from other mail processed at the facility, sampling was conducted as mail was dispatched from the sortation operations.

Priority Density Survey Data Collection Instructions

A. General Information

In this study you will collect data on sample Priority Mail pieces destinating in the SCF service territory of the sample plant. Data will be collected over a two-day period (approximately 8 hours each day). Included in the sample are flats, IPPs (irregular parcels), parcels, and Priority reship sacks. You will be collecting data on piece characteristics (weight, dimensions, indicia used, postage paid) and on transportation flows (origin and destinating ZIP code, whether air transportation was used).

The data collected in this survey could be used in the rate making process, so proper data collection procedures must be followed.

The following supplies are needed for the surveys:

Supplies Provided:	Other Supplies Needed:
Laptop with data entry software	LRCA shirts (see Teresa if don't have one)
Scale	Pens
Tape measures (2)	
Clipboards (2)	
LRCA bag	
Data Collection Forms (backup)	

B. Before The Site Visit

The survey coordinators will make preliminary plans for each site visit. Site contacts will be notified, and a time will be arranged for an on-site meeting with the site contact, including a tour of the Priority operations. General information on the processing of destinating Priority Mail will be obtained from the site prior to your visit.

C. On-Site

Operations Tour

At the beginning of the site visit, your team will meet with the site contact (or a designated representative) and obtain specifics on operations. In particular, you need to verify what operations process destinating Priority Mail, what times those operations are worked, and when mail is staged for processing (when incoming mail received). You will also need to find out what resources (i.e., personnel) are available to determine transportation modes. A list of questions to guide you during your site visit is provided in the Appendix.

With this information, each survey team will develop a detailed data collection plan. This plan should include what times data collection will occur at each operation where destinating Priority Mail is sorted.

Sampling Procedures

The guiding principle for sampling is to isolate mail destinating in the sample site's destinating service territory. When possible, mail is to be sampled before sortation in the incoming secondary operation at the plant, annex or Priority Mail Processing Center (PMPC). Generally, you will run into one of two situations:

- IS at the plant or annex: In this situation it should be straightforward to sample pieces before they are processed in the incoming secondary operation.
- IS at the PMPC: If Priority Mail is processed at a PMPC, generally you cannot sample this mail at the destinating plant, since it will be cross-docked at the plant with little time for sampling. Sampling at the plant would therefore result in interruption to operations, or could delay mail because the sample pieces would have to be resorted. In this case, sampling will need to be done at the PMPC. The point in the processing in which mail destinating in our sample site's territory can be isolated will depend on the sort schemes used at the PMPC.

In either case, the universe of mail to be sampled from includes any destinating Priority Mail that arrived at the survey site since close-out of the previous day.

In selecting sample pieces, use the following sampling rates:

- Select every third container (rolling stock, pallet)
- Select every tenth piece or item (sack or tub) in each sample container
- Select every piece in each sample item (sack or tub)
- Select every piece in the nonmachinable outsides (NMO) operation

Mark containers already sampled from to avoid double counting.

For loose pieces and items in a container, start counting at the front right corner, and count through clockwise.

After selecting sample pieces, release the non-sampled pieces to operations before recording sample piece information. Sampling should interfere with operations as little as possible. If possible, get to the site early enough to select sample pieces from staged mail before sortation begins. In order to avoid double counting, missing mail flows, or interfering with operations, sampling should be done before the mail is sorted. When arriving to sample, even if the operation is not running at the time, check to see whether mail was sorted earlier in the day. These pieces would need to be sampled if they arrived that day.

If Priority reship mail is received by the site, it may not be processed in the Priority Mail operation. For example, a Priority reship sack may be received in the business mail entry unit (BMEU) and then dumped and its contents sent to the appropriate processing operation (e.g., flat sorting machine). During the initial meeting with the site contact, determine what happens with Priority reship mail at the site. If it bypasses the Priority processing operations, then make arrangements to be contacted if any arrives so it can be sampled or provide a paper data form for the BMEU clerk to fill out for us. Every Priority reship item received should be sampled; make an indication in the “Notes” area that the entry is Priority reship.

Data to collect

You will be entering the data directly into an Access database. If the laptop or software is not working, paper data entry forms have been provided as backup. If using the paper forms, it is important to consecutively number the observations on the form.

The following data are to be recorded for each sample piece, unless otherwise noted:

- Site
- Data collectors
- Shape: flat or parcel (IPPs included as parcels): flats are pieces with the following dimensions: All other pieces should be parcels.
- Transportation: This may be determined by the container labels (see explanation below) or from the Priority manager or transportation and logistics manager. Choices are: FedEx Air, Commercial Air (i.e., non-FedEx air), Air-Unknown, Surface Only, Unknown.
- Indicia: permit imprint (PI), stamp (ST), meter (MT), postage validation imprint (PV). PVs are USPS-applied meter-like indicia.
- Postage: record postage paid if available on the mail piece.
- Origin Plant: if available from container or sack label; otherwise record “NA”
- Origin ZIP Code: record ZIP Code (3 or 5-digit) from postal label if available, otherwise record ZIP Code from return address.
- Destination ZIP Code: record the 5-digit ZIP Code shown on the address label
- Weight: in pounds

ATTACHMENT TO RESPONSE TO DBP/USPS-T3-3

- Length: in inches; for parcels, length is the longest dimension; not recorded for flats
- Width: in inches; for parcels, the shorter dimension on the side with the address; not recorded for flats
- Height: in inches; for parcels, the remaining side; not recorded for flats
- Girth: distance around the thickest part (perpendicular to the length). in inches; recorded for non-box shaped parcels, along with length; not recorded for flats
- Notes: if using the paper forms, write any notes on the back of the page, referencing the observation number

How to determine transportation

One important aspect of this survey is the determination of whether air transportation was used to transport the sample pieces. There are several sources to use to make this determination:

- ACT tag: the ACT tag provides information on transportation modes between plants. See page 6 in the Appendix.
- Labels on rolling stock: see pages 8-9 in the Appendix.
- Transportation flows models: for most plants, any mail originating within 300 miles of the plant will be transported to the plant by surface transportation. Other surface transportation routes can be determined from information provided by the Priority manager or transportation and logistics manager.
- Other: If you have any questions, ask the Priority or Transportation/Logistics manager.

Backup Copies

When data entry for a day is completed, save a copy of the database to the backup diskette provided. If possible, after data collection is completed, email a copy of the database to Kaz (kgunay@lrea.com).

C. After The Site Visit

All materials should be returned to Leslie, unless otherwise instructed. Any unusual situations should be reported to Leslie or Paul L. ASAP.

Appendix

List of Questions for the Priority Survey

1. In what operations is Priority Mail destinating in the SCF service territory sorted in?
 - Manual
 - Small parcel bundle sorter (SPBS)
 - Linear integrated parcel sorter (LIPS)
 - Nonmachinable outsides (NMO)
 - Other
2. Where are these operations located in the plant/annex?
3. When is Priority Mail destinating in the SCF service territory sorted in each operation?
4. When is Priority Mail destinating in the SCF service territory staged for sortation (when does it arrive in the plant)?
5. When is Priority Mail destinating in the SCF service territory dispatched?
6. Does Priority reship mail get handled in the Priority sortation operation, in the BMEU, on the dock, or in some other area? Can you be notified when it arrives so that it can be sampled, or can someone in the plant get the information for you (if provided a copy of the survey forms)?
7. What are all the ways that the plant receives destinating Priority Mail: does the plant receive destinating Priority Mail from another plant that is transported directly by truck/surface transportation? Does the plant receive destinating Priority Mail directly from FedEx? Does the plant receive destinating Priority Mail directly from another plant-AMC that receives mail directly from FedEx?
8. Who is (are) the contact(s) for questions concerning transportation flows?
9. Get instructions for building entry (badges, if used), directions to restrooms, etc.

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DBP/USPS-T3-4. You indicated that you recorded the dimensions of the sample piece by recording either the length, width, and height OR the length and girth. Please indicate how you were able to determine the volume of a sample parcel if you only knew the length and girth.

RESPONSE:

Girth was recorded for only those parcels without readily defined width, length and height (e.g., tube-shaped parcels, soft (un-boxed) packages with items such as clothing). In the sample, girth was recorded for only 222 parcels (4.1 percent). For these parcels we assumed that girth dimensions were square for purposes of calculating cubic volume (i.e, a parcel with a girth of 20 was assumed to have a length and width of 5). The assumption that the girth dimension was circular was also considered. The circular assumption yields a maximum volume for a given girth. Since the circular assumption tends to over-estimate the cubic volume for a given girth it was decided to use the assumption of square girth.

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DBP/USPS-T3-5. In your testimony, you provide six Tables. [a] Table 1 is designated Zones 1-3. Does this also include local mail? [b] If not, where was local mail tabulated? [c] There are a total of 2100 cells in all six tables. This provides an average of only 2.56 parcels per cell. While I realize that all cells are not equally populated, please provide copies of the six Tables showing the number of samples in each of the 2100 cells.

RESPONSE:

- [a-b] Sampling of Priority Mail parcels was conducted at the mail processing facility or PMPC that generally performs incoming secondary operations on Priority Mail parcels. To the extent that local Priority Mail passes through these operations it would be included in the study as Zone 1-3 mail. As acknowledged on page 1 of USPS-LR-2, sampling in this manner possibly excludes parcels that originate and destinate in the same five-digit area. It is my understanding based on information from postal officials that this volume is negligible.
- [c] See attached tables.

Table 1
Sample observations Zones 1-3

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.34	Over 0.34
1	201	94	50	8	14
2	135	148	133	29	95
3	34	61	43	25	87
4	11	22	20	6	65
5	0	12	14	2	52
6	1	3	9	1	34
7	0	4	6	0	17
8	0	0	3	0	19
9	0	0	1	1	12
10	0	0	3	2	12
11	0	0	0	1	9
12	0	0	0	1	16
13	0	0	1	0	9
14	0	0	0	0	7
15	0	0	0	0	9
16	0	0	0	0	11
17	0	0	0	0	5
18	0	0	0	0	8
19	0	0	0	0	4
20	0	0	0	0	7
21	0	0	0	0	3
22	0	0	0	0	4
23	0	0	0	0	6
24	0	0	0	0	5
25	0	0	0	0	2
26	0	0	0	0	3
27	0	0	0	0	2
28	0	0	0	0	2
29	0	0	0	0	2
30	0	0	0	0	1
31	0	0	0	0	2
32	0	0	0	0	1
33	0	0	0	0	3
34	0	0	0	0	1
35	0	0	0	0	1
36	0	0	0	0	1
37	0	0	0	0	1
38	0	0	0	0	2
39	0	0	0	0	0
40	0	0	0	0	1
41	0	0	0	0	1
42	0	0	0	0	0
43	0	0	0	0	0
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	0
48	0	0	0	0	0
49	0	0	0	0	0
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	0
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	1
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0

Table 2
Sample observations Zone 4

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.4	Over 0.4
1	86	57	30	2	8
2	45	65	74	16	37
3	9	13	30	14	53
4	3	7	9	2	48
5	1	1	5	4	37
6	0	2	1	1	18
7	0	1	1	2	15
8	0	0	1	0	20
9	0	0	0	0	9
10	0	0	0	0	12
11	0	0	0	1	9
12	0	0	0	0	5
13	0	0	0	0	9
14	0	0	0	0	7
15	0	0	0	0	5
16	0	0	0	0	3
17	0	0	0	0	4
18	0	0	0	0	4
19	0	0	0	0	2
20	0	0	0	0	1
21	0	0	0	0	1
22	0	0	0	0	1
23	0	0	0	0	0
24	0	0	0	0	1
25	0	0	0	0	0
26	0	0	0	0	1
27	0	0	0	0	0
28	0	0	0	0	2
29	0	0	0	0	1
30	0	0	0	0	0
31	0	0	0	0	0
32	0	0	0	0	0
33	0	0	0	0	1
34	0	0	0	0	0
35	0	0	0	0	1
36	0	0	0	0	1
37	0	0	0	0	0
38	0	0	0	0	2
39	0	0	0	0	0
40	0	0	0	0	0
41	0	0	0	0	1
42	0	0	0	0	0
43	0	0	0	0	0
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	0
48	0	0	0	0	0
49	0	0	0	0	1
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	1
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	1
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0

Table 3
Sample observations Zones 5

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.34	Over 0.34
1	125	87	36	5	4
2	53	99	68	39	45
3	7	21	23	23	57
4	3	11	15	8	52
5	0	2	13	1	33
6	0	0	5	0	24
7	0	0	1	1	26
8	0	0	1	0	25
9	0	0	0	0	11
10	0	0	0	0	15
11	0	0	0	0	15
12	0	0	0	0	9
13	0	0	0	0	12
14	0	0	0	0	5
15	0	0	1	0	7
16	0	0	0	0	8
17	0	0	0	0	6
18	0	0	0	0	4
19	0	0	0	0	3
20	0	0	0	0	3
21	0	0	0	0	4
22	0	0	0	0	1
23	0	0	0	0	3
24	0	0	0	0	2
25	0	0	0	0	4
26	0	0	0	0	1
27	0	0	0	0	2
28	0	0	0	0	0
29	0	0	0	0	3
30	0	0	0	0	6
31	0	0	0	0	0
32	0	0	0	0	0
33	0	0	0	0	1
34	0	0	0	0	0
35	0	0	0	0	2
36	0	0	0	0	0
37	0	0	0	0	0
38	0	0	0	0	0
39	0	0	0	0	1
40	0	0	0	0	1
41	0	0	0	0	0
42	0	0	0	0	0
43	0	0	0	0	1
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	1
48	0	0	0	0	0
49	0	0	0	0	0
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	0
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0

Table 4
Sample observations Zone 6

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.34	Over 0.34
1	91	75	21	4	4
2	32	81	70	20	31
3	9	23	24	8	44
4	1	3	12	2	39
5	0	4	1	1	21
6	0	1	3	1	21
7	0	0	0	0	20
8	0	1	0	0	15
9	0	1	0	0	14
10	0	0	0	0	9
11	0	0	0	0	6
12	0	0	0	1	2
13	0	0	0	0	7
14	0	0	0	0	4
15	0	0	0	0	2
16	0	0	0	0	2
17	0	0	0	0	2
18	0	0	0	0	3
19	0	0	0	0	1
20	0	0	0	0	3
21	0	0	0	0	0
22	0	0	0	0	0
23	0	0	0	0	0
24	0	0	0	0	1
25	0	0	0	0	1
26	0	0	0	0	2
27	0	0	0	0	2
28	0	0	0	0	1
29	0	0	0	0	0
30	0	0	0	0	1
31	0	0	0	0	1
32	0	0	0	0	1
33	0	0	0	0	0
34	0	0	0	0	0
35	0	0	0	0	0
36	0	0	0	0	0
37	0	0	0	0	0
38	0	0	0	0	0
39	0	0	0	0	0
40	0	0	0	0	0
41	0	0	0	0	0
42	0	0	0	0	0
43	0	0	0	0	0
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	0
48	0	0	0	0	0
49	0	0	0	0	0
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	1
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	1
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0

Table 5
Sample observations Zone 7

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.34	Over 0.34
1	55	31	9	1	2
2	13	31	30	11	15
3	3	12	9	3	19
4	0	1	6	2	15
5	0	1	3	1	15
6	0	0	0	0	19
7	0	0	0	0	9
8	0	0	2	2	10
9	0	0	0	0	4
10	0	0	0	0	9
11	0	0	0	0	8
12	0	0	0	0	4
13	0	0	0	0	4
14	0	0	0	0	2
15	0	0	0	0	2
16	0	0	0	0	3
17	0	0	0	0	2
18	0	0	0	0	2
19	0	0	0	0	1
20	0	0	0	0	0
21	0	0	0	0	1
22	0	0	0	0	1
23	0	0	0	0	0
24	0	0	0	0	2
25	0	0	0	0	4
26	0	0	0	0	0
27	0	0	0	0	0
28	0	0	0	0	2
29	0	0	0	0	1
30	0	0	0	0	2
31	0	0	0	0	1
32	0	0	0	0	0
33	0	0	0	0	0
34	0	0	0	0	0
35	0	0	0	0	0
36	0	0	0	0	0
37	0	0	0	0	0
38	0	0	0	0	1
39	0	0	0	0	0
40	0	0	0	0	0
41	0	0	0	0	0
42	0	0	0	0	1
43	0	0	0	0	0
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	0
48	0	0	0	0	0
49	0	0	0	0	0
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	0
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	0
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	0
69	0	0	0	0	0
70	0	0	0	0	0

Table 6
Sample observations Zone 8

Weight to: (Pounds)	0 to 0.1	0.1 to 0.2	0.2 to 0.3	0.3 to 0.34	Over 0.34
1	97	49	21	3	7
2	37	63	42	12	34
3	7	16	12	12	46
4	0	3	10	4	44
5	0	1	5	2	26
6	0	0	3	1	33
7	0	1	0	0	25
8	0	0	1	0	18
9	0	0	1	0	15
10	0	0	0	1	7
11	0	0	0	1	14
12	0	0	0	0	10
13	0	0	0	0	15
14	0	0	0	0	14
15	0	0	0	0	5
16	0	0	0	0	5
17	0	0	0	0	1
18	0	0	0	0	3
19	0	0	0	0	2
20	0	0	0	0	0
21	0	0	0	0	0
22	0	0	0	0	0
23	0	0	0	0	2
24	0	0	0	0	5
25	0	0	0	0	0
26	0	0	0	0	1
27	0	0	0	0	0
28	0	0	0	0	0
29	0	0	0	0	0
30	0	0	0	0	1
31	0	0	0	0	0
32	0	0	0	0	1
33	0	0	0	0	0
34	0	0	0	0	1
35	0	0	0	0	0
36	0	0	0	0	0
37	0	0	0	0	1
38	0	0	0	0	1
39	0	0	0	0	1
40	0	0	0	0	0
41	0	0	0	0	1
42	0	0	0	0	1
43	0	0	0	0	0
44	0	0	0	0	0
45	0	0	0	0	0
46	0	0	0	0	0
47	0	0	0	0	1
48	0	0	0	0	1
49	0	0	0	0	0
50	0	0	0	0	0
51	0	0	0	0	0
52	0	0	0	0	1
53	0	0	0	0	0
54	0	0	0	0	0
55	0	0	0	0	0
56	0	0	0	0	1
57	0	0	0	0	0
58	0	0	0	0	0
59	0	0	0	0	0
60	0	0	0	0	0
61	0	0	0	0	0
62	0	0	0	0	0
63	0	0	0	0	0
64	0	0	0	0	0
65	0	0	0	0	0
66	0	0	0	0	0
67	0	0	0	0	0
68	0	0	0	0	1
69	0	0	0	0	0
70	0	0	0	0	0

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DBP/USPS-T3-6. In the six tables, you show 70-pound parcels that have a volume of between 0.1 and 0.2 cubic feet. This would provide a density of over 345 pounds per cubic foot. Did your study contain records which indicate parcels which did not likely exist such as this example? If so, please explain why these records were not removed. If not, please explain.

RESPONSE:

In the study, the highest density parcel observed had a density of 173 pounds per cubic foot.

The positive values for the proportion of 70 pound parcels between 0.1 and 0.2 are generated by using the regression results to derive the underlying distributions. Only two out of 10,000 70 pound pieces are estimated to be between 0.1 and 0.2 cubic feet. Had we observed parcels with a density of 345 pounds per cubic foot it is unlikely that we would have removed these from the sample since many common substances have a density that exceeds 345 pounds per cubic foot such as brass (534 pounds per cubic foot), iron (478 pounds per cubic foot) and carbon steel (488 pounds per cubic foot) (Source: www.mcelwee.net/html/densities_of_various_materials.html).

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DBP/USPS-T3-7. Please refer to your response to DBP/USPS-T1-6. Your response indicated the range for which a 95% confidence level would refer to. My interrogatory requested the level of confidence that the given sample size would provide. Please respond.

RESPONSE:

The study was intended to provide size characteristics of Priority Mail pieces by pound increment. As discussed in my response to OCA/USPS-T3-3, prior to the study no data existed that would enable us to determine the sample size needed to produce estimates with a desired precision level. Using the data collected in the study, the number of observations needed to obtain a desired precision level can be calculated using the mean and variances calculated from the sample data for approximations of the population means. The table below provides the calculated number of observations needed to produce estimates of the mean cubic volume (in cubic feet) for each pound increment at 4 precision levels with a probability of 95 percent.¹ For example there is a 95 percent probability that a sample of 883 Priority Mail pieces in the one-pound increment will produce an estimate of the mean cubic feet for one-pound Priority Mail pieces that is within 5 percent of the population value.

¹ Cochran, William G. (1977) *Sampling Techniques*. John Wiley & Sons, New York Chapter 10 page 77.

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Pound Increment	Sample Mean (ft ³)	Sample Variance	Sample Size at 5%	Sample Size at 7.5%	Sample Size at 10%	Sample Size at 12.5%	Study Observations
1	0.132	0.010	883	393	221	141	1,277
2	0.241	0.039	1,013	450	253	162	1,603
3	0.398	0.126	1,214	539	303	194	747
4	0.566	0.224	1,063	473	266	170	423
5	0.739	0.333	928	412	232	148	258
6	0.888	0.423	816	363	204	131	181
7	1.073	0.475	628	279	157	100	128
8	1.237	0.663	659	293	165	105	118
9	1.349	0.910	761	338	190	122	69
10	1.319	0.470	411	183	103	66	70

Over 87 percent of FY2002 Priority Mail volume weighed less than 3 pounds and 95 percent weighed less than 5 pounds. For the under-3-pound increments, the sampling efforts collected more than the number of observations needed to produce estimates within 7.5 percent of the population value with 95 percent confidence and within 10 percent for the 4 and 5 pound increments. The precision of the estimates of the higher-pound increments (pieces weighing more than 5 pounds) is less, but the proportion of pieces in these increments is small. The fact that sampling efforts produced more observations than needed to satisfy relatively strict precision levels for the dominant pound increments leads me to conclude that the study has provided an accurate measure of Priority Mail sizes by pound increment.

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DBP/USPS-T3-8. Please refer to the attachment to response to DBP/USPS-T3-3. You indicated that the data was collected over a two-day period. It was also indicated that the sampling study was done over the October 2002 to January 2003 timeframe. [a] What specific days was the study conducted at each of the ten sites. Please also provide in addition to the month, day, and year the day of the week and whether there was a holiday in the given week or the preceding week. [b] How were the specific days, both day of the week and time of the year, chosen?

RESPONSE:

The table below provides the dates and weekdays during which data collection occurred at each sample site. Data collection occurred over a two-day period; in some cases the data collection shift crossed calendar days (*i.e.*, data collection occurred during the Postal Service's Tour 1), so a three-day span is shown. Also indicated are major United States holidays, if any, that occurred in the week of, or week before, data collection.

Site	Data Collection (Start - End, Weekdays)	Major US Holiday?
Phoenix, AZ 852	11/19/02 – 11/22/02, TWR	None
New York, NY 100	01/22/03 - 01/24/03, WRF	None
North Metro, GA 300	12/04/02 – 12/05/02, WR	Thanksgiving preceding
Detroit, MI 481	11/13/02 – 11/15/02, WRF	None
Jacksonville, FL 320	01/20/03 – 01/21/03, MTW	None
Kansas City, MO 640	11/20/02 – 11/21/02, WR	None
Hartford, CT 060	12/03/02 – 12/05/02, TWR	Thanksgiving preceding
Everett, WA 982	11/18/02 – 11/19/02, MT	None
Syracuse, NY 130	12/04/02 – 12/06/02, WRF	Thanksgiving preceding
Wichita, KS 670	11/13/02 – 11/15/02, WRF	None

The time of year was a simple choice based on the availability of data collection resources as limited by avoidance of operational impact. Since the study's intent

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was to measure the size distribution of parcels within pound increment, and not parcel volume across pound increment or zone, we did not believe that the time of year would have any impact upon the estimates. See also, my response to DPB/USPS-T1-14b. To account for the relative differences in annual parcel volume across pound increment and zone, we relied on RPW-ODIS sampling which is designed to measure these volumes. Different days of the week were selected for each site to spread sample observations across the week. Consecutive days of the week were selected at each site to reduce the cost of data collection.

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DBP/USPS-T3-9. Please refer to the attachment to response to DBP/USPS-T3-3. On page 2 you indicate that only 1 parcel in 30 was chosen for machinable parcels while every nonmachinable outside [NMO] parcel was chosen. Please explain the reason for reasons [sic] why every NMO was chosen (as opposed to a sampling procedure). Wouldn't this system provide a greater weight to NMO based on their relationship to the entire volume? Please explain.

RESPONSE:

Heavy weight parcels account for a relatively small proportion of the universe of parcels. To ensure that we obtained sufficient observations of heavy weight parcels, we sampled every third container of nonmachinable outside (NMO) parcels and measured every piece in that container, where possible. As such, we did not sample every NMO. NMO parcels are generally heavier weight parcels, and therefore would not be in the same pound increment as non-NMOs. This mitigates any concern that different sampling rates were used as between non-NMOs and NMOs. In addition, as described in USPS-LR-2, subsection 3(D), pound increment cubic feet and weight are weighted by the GFY 2003 RPW parcel volumes in the pound increment to account for differences in sampling rates across pound increments.

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DBP/USPS-T3-10. In the tables attached to your response to DBP/USPS-T3-5, you show that the largest weight of a parcel in the up-to 0.34 cubic foot category was 15 pounds. Please explain why the data in the Library Reference shows parcels of a greater weight.

RESPONSE:

As described in Section 3 of USPS-LR-2, a regression technique was used to generate a continuous size distribution of Priority Mail parcels for all pound increments and zones.

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DBP/USPS-T3-11 Please refer to your responses to DBP/USPS-T3-8. [a] Please confirm that Tour 1 starts shortly before midnight and runs for approximately 8 hours and is responsible for sorting and processing incoming mail to the area of responsibility. [b] Please confirm that in those instances where you show three days, it entailed a short period prior to midnight as the first day of the three. [c] Please confirm that in those instances where you showed two days, the first day started at or shortly after midnight. [d] Please advise why you showed four days as the collection period [November 19-22] but only show three days of the week for Phoenix? [e] You indicated that different days of the week were selected for each site to spread observations across the week. Please confirm that the tally for the day of the week for the ten sites would show the following [assuming that we consider the day as the day of the majority of the time – for example, the Tour 1 starting just before midnight on Monday night and shown as MTW would be tallied as Tuesday and Wednesday]:

Monday	1
Tuesday	2
Wednesday	5
Thursday	8
Friday	4

[f] Please confirm that this tally does not show a reasonable spread throughout the days of the week. [g] Please advise the effect on the data collection that this uneven spread would cause. [h] Please confirm that November 11, 2002 and January, 2003 [a collection date at Jacksonville] are also postal holidays. [i] Please advise the effect you believe the collection of data on or about the day of a holiday would have. [j] Please explain any items you are unable to confirm.

RESPONSE [a-c] Not confirmed. While some sorting and processing of incoming Priority Mail is indeed conducted during Tour 1 (which typically starts around midnight and runs for approximately 8 hours), substantial such sorting and processing also was observed to occur in Tour 2 and Tour 3. In conducting the study we observed that the sorting of Priority Mail parcels to delivery unit occurred at various times of the day depending on the site and the arrival of mail from upstream facilities. Generally at the study sites, but not universally, the incoming Priority Mail operation began in the late afternoon [between 3:00 and

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Response to DBP/USPS-T3-11 (cont.):

7:00 pm] and went through the early morning [2:00 to 5:00 am]. In any case the exact timing and function of Tour 1 is not relevant in the context of this study.

At most sites sample pieces were drawn from incoming containers after they were unloaded and brought to a staging area for the incoming sortation operation. In these cases we attempted to have the majority of sample pieces drawn before the sortation operation began so as not to interrupt the operation. At some PMPC's sample pieces were drawn from containers exiting the sortation operation. The PMPC's incoming operations often occurred throughout the day depending on arrival of mail from upstream facilities and service commitments. In the study we worked closely with operations personnel to sample all Priority Mail flowing through the facility for approximately 48 hours. The days of the week shown in DBP/USPS-T3-8 represent days of the week in which there were more than 8 hours of data collection. When three days are shown it generally means that the data collection process began in the early to late afternoon of the first day and continued through the late morning or afternoon of the third day. When two days are shown it generally indicates that data collection began in the morning of the first day indicated and ended in the morning of the day after the last day. For example when MT is indicated data collection began on Monday morning and continued through early Wednesday morning. Because the bulk of hours were on Monday and Tuesday only MT was indicated.

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Response to DBP/USPS-T3-11 (cont.):

[d] Four calendar days are included for Phoenix because I inadvertently included Friday November 22 in the table. The data collection team returned on Friday November 22 but did not collect data.

[e-j] The days of the week listed in DBP/USPS-T3-8 indicate days of the week where more than 8 hours of data collection occurred at the site. A tally of days of the week by this criterion yields a tally of:

Monday	2
Tuesday	3
Wednesday	9
Thursday	8
Friday	4

The study's intent was to measure the characteristics of parcels within pound increment and not measure the volumes of parcels across pound increment. The spread of collected samples across days, proximity to postal holiday, or time of year would only affect the study if the packaging materials used or the density of items contained in the parcels were correlated with the day the parcels arrive at the destination facility. I know of no study or data that would indicate this to be the case.

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REDIRECTED FROM WITNESS SCHERER

DBP/USPS-T1-6. Please refer to lines 16 to 18 on page 3 of your testimony in which you indicate that there were 5,368 parcels sampled in the study. Please advise the level of confidence that this sample size will provide.

RESPONSE:

The statistics for the parameter estimates of the regression used in the study witness Scherer refers to on lines 16 to 18 on page 3 of his testimony are presented on pages 4 and 5 of USPS-LR-2. Additional regression statistics and confidence intervals for the regression parameters are presented in the Excel workbook "Cubic Feet Distribution LR.xls" on worksheets "2> Regression" and worksheet "1&2 Pound".

The density calculation of parcels at 0.34 cubic feet is derived from these regression estimates. Calculation of the confidence interval of this derived estimate requires bootstrapping, a technique employed when statistical properties of an estimate are too complex to be derived analytically. A confidence interval can be calculated by bootstrapping the data previously provided in USPS-LR-2. The bootstrap estimate of the density estimate of parcels at 0.34 cubic feet with 200 iterations yields a standard deviation of 0.0553 pounds per cubic feet. The 95% confidence interval for this estimate is 6.592 to 6.808 pounds per cubic foot.

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DBP/USPS-T1-14. You indicate that the sampling study was conducted from October 2002 to January 2003.

* * *

[b] Please advise the effect on the study by conducting it at this time of the year.

RESPONSE:

Priority Mail volume is highest during this period. However the high volume likely does not affect the study's estimates. The estimates are representative of annual Priority Mail pieces if mailpiece characteristics within each pound increment, including the density of the contents and the size and types of packaging material used, do not differ significantly from mailpiece characteristics during other times of the year. I have found no data or studies that even suggest such seasonal variations occur. However, since the only available data come from this study, I cannot state with certainty that the timing of data collection did, or did not, affect the study's estimates.

OCA/USPS-T3-1. Library Reference USPS-LR-2 indicates at page 1 that the sample design for the data collection was based on the selection of ten sample sites selected at random, with probability proportional to total destinating Priority Mail volume in FY2002.

(a) What was the statistical basis for determining the number of sites to be selected, in this case ten? Please provide references to the sampling literature and/or textbooks.

(b) The study indicated that potential stratification variables were not *a priori* thought to be correlated with the density characteristics. Was there any test of this assumption or, alternatively, was there any previously obtained information to substantiate this assumption?

(c) The Library References USPS-LR-2 states at page 3 that 5,368 sample pieces were obtained as a result of the sampling effort. Please provide the statistical analysis that determined the desired sample size as well as associated levels of confidence and/or any other available relevant statistical information.

(d) Please discuss whether and/or how the distribution of the 5,368 sample pieces among the 10 collection sites was related to the statistical accuracy and precision of the sampling effort.

RESPONSE:

(a-d)

The number of sites selected was determined by the resources available to us for the study. Any statistical analysis conducted to determine the number of sites needed to achieve a desired precision level would have required information on the size distribution of Priority Mail parcels at each site¹. To my knowledge no such data existed. The only site-specific Priority Mail data we had available at the time of sample design was the ODIS originating and destinating volumes for each site.

The decision to sample destination Priority Mail was made because we strongly believed that the distribution of destination volumes at each site was more representative of the population than the distribution of originating volumes at each site. Originating mail volumes at a site may be dominated by one Priority Mail customer such as a fulfillment house. The sizes of Priority Mail parcels from the dominant customer

¹ Cochran, William G. (1977) *Sampling Techniques*. John Wiley & Sons, New York. Chapter 10 pages (280-283)

are likely to be less variable than the population. Conversely by the time Priority Mail reaches its destination, the mail from all customers large and small would be commingled and therefore most representative of the population.

The site-specific data available at the time were measures such as site location, size, facility type, destinating volumes of other classes. These measures are unlikely to be correlated with the size distributions of Priority Mail parcels. These assumptions could not be tested *ex ante* as we lacked the necessary information on the size distribution of Priority Mail parcels at each site.

The sample of 5,368 parcels was achieved by intense sampling at each site for two days. Again the lack of data on the size distribution of Priority Mail parcels precluded us from calculating the number of sample pieces needed to achieve a desired precision level. Because sampling occurred at destination the distribution of sample pieces across sites, is unlikely to have a significant effect on the precision or accuracy of the estimates.

OCA/USPS-T3-2. The Library Reference USPS-LR-2 presents the special study that was initiated to gather the data on the characteristics of Priority Mail. Please provide copies of training manuals, procedural instructions, and other relevant material distributed to data collection personnel.

- (a) Please enumerate the training procedures and information provided to the data collection personnel for the data collection.
- (b) Please delineate the quality control procedures.

RESPONSE:

(a-b)

A copy of the detailed sampling instructions given to data collectors has been supplied as an attachment to my response to DBP/USPS-T3-3. Prior to sampling all personnel involved in the survey met and reviewed the sampling protocol outlined the training document, discussed possible problems, and solutions to those problems.

Each data collection team was staffed with a team leader who had experience with Postal Service operations and sampling techniques. Teams arrived and inspected the sample site the day before data collection began to tour the site and established the site-specific sampling protocol. If the team leader had questions or concerns regarding a site they were discussed with the survey leaders and resolved before data collection began. Throughout data collection the survey leaders communicated frequently with the team leaders to discuss any areas of concern.

OCA/USPS-T3-3 The Library Reference USPS-LR-2 mentions on page 3 “data processing and cleaning.” What steps were involved in these efforts?

- (a) Please indicate the number of pieces of Priority Mail and the characteristics of the pieces eliminated from the analysis as a result of the implementation of these processes.
- (b) Given that a special study was implemented to gather the data, please denote the reasons for needing to implement a cleaning process, if in fact the process involved any major amount of elimination of data from the study.
- (c) Please indicate if the cleaning process was perfunctory, involving the elimination of only a small amount of data.

RESPONSE:

(a-c)

The primary purpose of the data processing and cleaning phase of the study was to use the origin ZIP Code, destination ZIP Code, postage affixed, and special services to map each observation to postal zone. To accomplish this we used the zone chart supplied to us by the Postal Service to calculate zone from the origin ZIP Code (taken from the return address) and the destination ZIP Code. We then calculated the postage for each piece based on the measured weight and calculated postal zone. For pieces with postage affixed we compared the calculated postage and the affixed postage. If there were inconsistencies between the calculated postage and the affixed postage that could not be explained by special service fees or if the origin ZIP Code was missing, the observation was discarded. For permit imprint pieces we assumed that the ZIP Code given in the return address was an accurate indicator of origin.

In addition to calculating postal zones, the cleaning process eliminated all pieces from the sample that were flat shaped or not Priority Mail pieces. The systematic sampling technique used would occasionally result in the selection of a flat shaped piece or a piece from another class that had ended up in the Priority Mail parcel stream. During data collection all selected parcels were measured and entered in the database.

For the first sites visited, selected flats were also measured and entered into the database. We realized that entering the data for flats was unnecessary and detracted from the time available to sample parcels. For later sites flats were still selected in the systematic sampling and measured to verify that they met the flat criteria as defined in the *Domestic Mail Manual* but if they were determined to be flats they were not entered into the database.

During collection, information on 5,666 pieces was entered into the database. Of these, 289 pieces were eliminated from the sample for the following reasons:

- 149 pieces were flat shaped pieces,
- 84 pieces were missing origin ZIP Code information,
- 30 pieces were determined to be of foreign origin,
- 16 pieces were determined to be First-Class Mail pieces,
- 8 pieces were determined to be Business Reply Mail pieces,
- 8 pieces had irreconcilable differences between affixed postage and calculated postage,
- 2 pieces were determined to be Parcel Post pieces, and
- 1 piece was determined to be Media Mail.

OCA/USPS-T3-4. On page 2 of the Library Reference USPS-LR-2, is the statement "Sample selection was determined by how best to sample for the selected SCF while not interfering with operations and retaining sufficient time to select and record sample pieces for the sample site."

(a) Please expand on this statement.

(b) Please indicate whether this procedure biased the sample. If the answer is "No", please explain why such a procedure did not bias the sample.

RESPONSE:

The incoming secondary operations for Priority Mail are not uniform across sites. The incoming secondary operation for some sites was conducted at a Priority Mail Processing Center (PMPC); for others it was conducted at the P&DC of the selected site. Each location where the Priority Mail incoming secondary operation was being performed had different plant layouts, sortation technologies (manual/SPBS), flows to and from the docks and safety concerns.

Because sampling locations differed so much it was necessary to adapt the sampling protocol to the individual site. At each site the team leader worked with operations personnel to get a complete understanding of the flows of Priority Mail in the plant so that the sampling would include all pieces in the universe. From there a sampling location was chosen that was safe and did not interfere with operations. For some sites this was near the location where containers of Priority Mail were staged after being unloaded from trucks and before being taken to the incoming secondary sortation operation. At other sites sample pieces were drawn from containers as they entered the sortation operation. When the incoming secondary operation for the selected site was conducted at a PMPC and incoming mail for the selected site was commingled with mail for other sites, sample pieces were collected as the mail was dispatched from the operation.

In all cases the systematic skip factor was applied to all relevant containers. At all sites sampling was conducted whenever Priority Mail was in the plant and available for sampling during the two days we were at the plant. For selected containers, the systematic piece skip factors were applied to all pieces in the container until the container was empty to avoid any bias that might be introduced by smaller high-density pieces filtering to the bottom of the container or by any other consequence of mixing. The schedule for sampling at the sites was constructed such that we sampled pieces processed on all days of the week. For these reasons I do not believe that any bias was introduced by the slight variations in the sampling protocols at each site.

OCA/USPS-T3-5. The Excel workbook file "Cubic Feet Distribution LR.xls" listed in Library Reference USPS-LR-2, Appendix A, has no headings for other than column A, although one would assume that the headings in "cubic ft dist txt" is related to the data. Since there is not a one to one match between the headings of the two files, please provide the headings for "Cubic Feet Distribution LR.xls".

RESPONSE:

There are four worksheets in this workbook. The sheet labeled "Distribution" is the output sheet for the macro "distmac". The outputs are the estimated proportion of pieces in each cubic foot increment by zone and pound increment. The columns in row 10 provide the cubic foot increment 0-0.1 cubic feet, 0.1 to 0.2 cubic feet, 0.2 to 0.3 cubic feet 0.3 to 0.34 cubic feet and 0.34 cubic feet and above. These are repeated for each zone. The zones are labeled in row 9 (centered over the section). The pound increments are presented in column C starting at row 11.

The sheets "1&2 Pound" and "2> Regression" are the standard regression outputs from the regression package available with Excel.

The sheet columns in the sheet "Sample Data" are labeled in row 2. For clarity the column headings are:

- | | |
|------------------------|--|
| • A ObsIID | A sequential number of the sample observations. |
| • B Weight | The weight of the sample piece, in pounds, as measured. |
| • C Length | The length of the sample piece, in inches, as measured. |
| • D Width | The width of the sample piece in inches, as measured. |
| • E Height | The height of the sample piece, in inches, as measured. |
| • F Girth | The girth of the sample piece, in inches, as measured. |
| • G VolumeCubics | The calculated cubic volume of the parcel in cubic feet. |
| • H iZone | The calculated zone of the piece. |
| • I WTI | The pound increment of the piece. |
| • J $\ln(\text{ft}^3)$ | The natural log of "VolumeCubics". |
| • K nwt | The natural log of "Weight". |
| • L $\ln \text{wt}^2$ | The natural log of "Weight" squared. |
| • M z4 | An indicator for if the piece is zone 4. |
| • N z5 | An indicator for if the piece is zone 5. |
| • O z6 | An indicator for if the piece is zone 6. |
| • P z7 | An indicator for if the piece is zone 7. |

- Q z8 An indicator for if the piece is zone 8.
- R 3lbs An indicator for if the piece is over 2 pounds and is subject to the 3 pound rate.

OCA/USPS-T3-6. Please explain your understanding of the Commission's requirements for the development of a statistical sample and how the sample presented in this case fulfills the requirements.

RESPONSE:

It is my understanding that for the development of a statistical study the Commission requires comprehensive descriptions of assumptions made, study plan utilized and the steps undertaken. In my opinion the most significant assumption we made in the study was that the error terms were normally distributed. This assumption is documented explicitly on page 5 of the library reference (USPS-LR-2) and the supporting evidence is discussed on page 4, in footnote 3. The other significant assumption we made, that the volume of pieces originating and destinating in the same 5-digit ZIP Code was negligible, is documented on page 1 of the library reference.

The study plan – to select and sample pieces at those sites, estimate the relationship between cubic volume and weight, and use these estimates to produce the size distributions and density estimates – is described throughout the library reference. The procedures undertaken are also described (e.g., we selected sites proportional to ODIS destinating volume, we sampled pieces using systematic container skip factors, and the regression model employed, etc.).

The Commission requires a description of the survey design, the sampling frame, and units and confidence limits that can be placed on major estimates. The sample design and frame are described in section A beginning on page 3. This section also describes the universe under the study. The major estimates for the study, in my opinion, are the parameter estimates of the two regressions. The confidence limits for these estimates are presented explicitly in the workbook "Cubic Feet Distribution LR.xls"

and the t -statistics from which the confidence limits can be derived are presented on pages 4 and 5 of the library reference.

The method of selecting the sample and the characteristics measured are presented in section B, starting on page 2. In addition the sample data and all programs necessary to replicate the study were provided with the library reference.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LOETSCHER TO INTERROGATORY
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T3-7 As a follow-up to the interrogatory OCA/USPS-T3-1-6 concerning the data collection study in Library Reference USPS-LR-2, do you know the accuracy and/or precision of the data collection effort, expressed in quantifiable terms?

- a. Assuming that your answer is affirmative, please provide a discussion, analysis, and quantification of your conclusions.
- b. If your answer is negative, please indicate why you believe the results should be used for purposes of pricing and recommending the experimental product.

RESPONSE:

See my response to DBP/USPS-T3-7.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LOETSCHER TO OCA INTERROGATORY

OCA/USPS-T3-8. This is a follow-up to your answer to interrogatory OCA/USPS-T3-7 which referred to your response to DBP/USPS-T3-7. Please confirm that the table in that interrogatory response indicates the sample sizes in your study for the three-pound increment and all heavier pound increments, all of which include approximately 13 percent of the FY2002 Priority mail volume, were less than required for the sample at each of those pound increments to be statistically accurate at the 95 percent confidence level.

RESPONSE:

Not confirmed. First, as clarification, approximately 23 percent, not 13 percent, of total Priority Mail volume in FY 2002 was at the 3-pound increment or heavier. The 13 percent threshold is valid for the 4-pound increment or heavier, consistent with the assertion in my response to DBP/USPS-T3-7 that "over 87 percent of FY2002 Priority Mail volume weighed less than 3 pounds" (the 4-pound increment applies to pieces weighing 3 - 4 pounds).

The correct interpretation of the table provided in response to DBP/USPS-T3-7 is that the statistical precision is different for each pound increment at the 95 percent confidence level. Pound increments with relatively more volume are measured with relatively more precision. For example, in the first two pound increments there is a 95 percent probability that the estimated mean cubic feet is no worse than plus or minus 5 percent of the true value. For the 3 pound increment there is a 95 percent probability that the estimated value is no worse than within 7.5 percent of the true value. To expand, the table below shows the actual precision levels achieved by the study for each of the first 10 pound increments at the 95 percent confidence level.

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LOETSCHER TO OCA INTERROGATORY

Response to OCA/USPS-T3-8 (cont.):

Pound Increment	Sample Mean (ft ³)	Sample Variance	Study Observations	Precision at 95% Confidence Level
1	0.132	0.010	1,277	4.2%
2	0.241	0.039	1,603	4.0%
3	0.398	0.126	747	6.3%
4	0.566	0.224	423	7.9%
5	0.739	0.333	258	9.5%
6	0.888	0.423	181	10.6%
7	1.073	0.475	128	11.1%
8	1.237	0.663	118	11.8%
9	1.349	0.910	69	16.6%
10	1.319	0.470	70	12.0%

This table shows that only the pound increments over 5 pounds – none of which accounted for more than 2 percent of FY 2002 Priority Mail volume – have greater than a 5 percent probability that the estimate differs from the true value by more than 10 percent. For the pound increments that contain the great majority of Priority Mail volume, (1, 2, 3, 4, and 5 pounds) the precision is greater.

RESPONSE OF POSTAL SERVICE WITNESS LOETSCHER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1

POIR1-1: On pages 3 – 4 of USPS-LR-2, the equation used to estimate the relation of cubic feet and weight is given as:

$$\ln(\text{CUFT}_i) = \beta_0 + \beta_1 \ln(\text{WT}_i) + \beta_2 \ln(\text{WTSQ}_i) + \beta_j \text{ZONE} + \varepsilon_i$$

where WT_i is the weight of the i^{th} piece in pounds and WTSQ_i is the weight of the i^{th} piece squared in pounds. The actual equation used in the calculation of the regressions in the workbook "Cubic Feet Distribution LR .xls" appears to be:

$$\ln(\text{CUFT}_i) = \beta_0 + \beta_1 \ln(\text{WT}_i) + \beta_2 [\ln(\text{WT}_i)]^2 + \beta_j \text{ZONE} + \varepsilon_i$$

Please reconcile the difference.

RESPONSE:

The equation in which the square of the natural log of weight is used is the correct version of the regression equation used.

The estimation equation used is:

$$\ln(\text{CUFT}_i) = \beta_0 + \beta_1 \ln(\text{WT}_i) + \beta_2 [\ln(\text{WT}_i)]^2 + \beta_j \text{ZONE}_i + \varepsilon_i$$

The variable definitions are as follows:

CUFT_i – is the cubic feet of the i^{th} piece

WT_i - is the weight of the i^{th} piece in pounds

ZONE_i – is the postal zone (1-3, 4, 5, 6, 7, or 8) of the i^{th} piece
 $j = 1-3, 4, 5, 6, 7, 8.$

ε_i - is a residual term representing the distribution of cubic feet

RESPONSE OF POSTAL SERVICE WITNESS LOETSCHER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1

POIR1-2: The collection instructions provided by witness Loetscher in response to DBP/USPS-T3-3 list four types of indicia: permit imprint (PI), stamp (ST), meter (MT), and postage validation imprint (PV). The file "cubic_ft_dist.txt," provided as part of library reference USPS-LR-2, gives the indicium code for each parcel sampled in the Priority Mail Parcel Size Distribution and Density Study. Which category of indicia did data collectors use for packages bearing postage printed from the internet?

RESPONSE:

Pieces bearing indicia printed from the internet were recorded as metered postage (MT).

RESPONSE OF POSTAL SERVICE WITNESS LOETSCHER
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 1

POIR1-3: In response to DBP/USPS-T4-4, witness Loetscher states that an assumption of square girth was used to calculate the volume of parcels for which width and length were not recorded. The column "VolumeCubics" on the "Sample Data" sheet of "Cubic Feet Distribution LR .xls" provided as part of USPS-LR-2 appears to assume a circular girth for these parcels. Please explain.

RESPONSE:

The analysis of Priority Mail density originally compared two assumptions for observations involving girth: circular and square. The choice between the two assumptions was based on the data collectors' impression that pieces for which the girth measurement was taken tended to be predominantly "soft packaging" and only occasionally tubular; thus for the vast majority of pieces whose girth was measured, it was believed that the square girth measurement would be more accurate.

The results under the two assumptions are only slightly different. The circular girth assumption yields an estimate of the density of 0.34 cubic foot parcels of 6.70 pounds per cubic foot. The square girth assumption yields an estimate of the density of 0.34 cubic foot parcel of 6.76 pounds per cubic foot.

Based on the data collectors' impression, my intention was to use the estimates that relied upon the square girth. As this question points out, circular girth was actually used.

Note that witness Scherer also has provided information in response to information request POIR1-3.

United States Postal Service

**Thomas M. Scherer
(USPS-T-1)**

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-2. In your response to Interrogatory DBP/USPS-T2-11 subpart h, you indicate that you do not believe that there will be a similar confusion with respect to the proposed flat-rate box and lower non-flat-rate postage options.

[a] Please provide the basis for this belief.

[b] In the discussion for this proposed rate, did any of the participants express a concern?

[c] If so, please provide details of their concern.

RESPONSE:

(a) The basis for this belief was provided in my response to DBP/USPS-T2-11(i), redirected from witness Barrett.

(b) If you are asking whether any participants expressed a concern about the flat-rate box being priced above some other Priority Mail options, and whether this might create a risk that some customers might pay more than necessary for a given shipment, the answer is yes.

(c) See my testimony at section IV(B).

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-3. Please confirm, or explain any items you are not able to confirm, that a sophisticated mailer utilizing Priority Mail, will normally have access to a scale to determine the weight of the article, a zone chart or other availability to determine the mailing zone, a rate chart or other availability to determine the necessary postage rate and knowledge of the proposed flat-rate box postage and will either choose the option that has the lower of the two rates or will make an educated decision to utilize the higher of the two rates for a perceived convenience.

RESPONSE:

Unable to confirm. I have neither defined nor studied "sophisticated mailers." However, I would agree that your apparent description of such a mailer's attributes is plausible. With respect to any decision "to utilize the higher of two rates," I would interpret "perceived convenience" broadly so as to include all of the flat-rate box's non-price attributes, such as its size/dimensions, and other considerations such as those mentioned on lines 4 through 10 at page 8 of my testimony.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-4.

[a] Please advise the types of sophisticated mailers and the perceived conveniences you believe that they will have which will cause them to choose to utilize a flat-rate box when the postage for its use will be greater than the non-flat-rate postage.

[b] Please provide an Exhibit similar to Exhibit B showing the positive changes in revenue resulting from mailers utilizing the flat-rate box when the postage is higher for its use.

RESPONSE:

(a) Redirected to witness Barrett.

(b) I am not able to model revenue impacts of parcels "migrating up" to the flat-rate box as I did in Exhibit B of my testimony for parcels "migrating down" to the flat-rate box. The latter assumed, as a "worst case," that all Priority Mail parcels priced above \$7.70 and able to fit into the flat-rate box actually migrate to the flat-rate box. The former would also require knowledge of customer perceptions of value. In theory, customers will "buy up" to the flat-rate box if the perceived added value exceeds the additional amount paid. For example, if the baseline rate is \$7.05 (4 pounds, Zone 4), a customer who values the flat-rate box at \$1.00 would buy up but a customer who values the box at 50 cents would not. In the absence of such information, it is not possible to do the requested modeling. This is why at page 6, line 7 of my testimony I referred to the potential benefits from buy-ups to the flat-rate box, *inter alia*, as "unquantifiable."

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-5.

[a] Please confirm, or explain if you are not able to confirm, that an unsophisticated mailer utilizing Priority Mail, may not normally have access to a scale to determine the weight of the article, a zone chart or other availability to determine the mailing zone, a rate chart or other availability to determine the necessary postage rate and knowledge of the proposed flat-rate box postage.

[b] Please advise the sources that an unsophisticated mailer will have to obtain a USPS box of the flat-rate box size for use in shipping an article by Priority Mail.

[c] Please provide your best estimate as to the percentage of the total that each of the sources will represent.

[d] Please provide the information the Postal Service will provide with each of these sources to allow the mailer to make an educated decision as to whether to choose a flat-rate box or a similar sized non-flat-rate box.

RESPONSE:

(a) Unable to confirm. I have neither defined nor studied "unsophisticated mailers." However, I would expect that many mailers lack immediate access to resources such as a scale, a zone chart, and a rate chart. I would also expect that users of the flat-rate box will quickly understand and recall its specified postage rate.

(b) Redirected to witness Barrett.

(c) Redirected to witness Barrett.

(d) Redirected to witness Barrett.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-7. Does the calculation starting at line 18 of page 3 of your testimony utilize only those parcels that would fit into either or both of the proposed flat-rate boxes? If not, why not?

RESPONSE:

No. The calculation relies on an estimate from witness Loetscher's testimony of 6.70 pounds per cubic foot (density), which is an average for all baseline Priority Mail parcels at 0.34 cubic feet, regardless of whether or not they can fit into either or both of the two proposed flat-rate boxes. This is appropriate because the end result of the calculation, the \$5.92 "base rate," is intended to represent "existing Priority Mail parcels of comparable size" (to the flat-rate box). USPS-T-1 at 4, line 18. In turn, a premium is added to the base rate partly to account for the possibility that the flat-rate box will attract parcels that are heavier than the baseline average.

Using a foundational density reflecting only those Priority Mail parcels that can fit into the flat-rate box – which are assumed in my testimony to range from 0 to 0.34 cubic feet – is potentially a feasible alternative to calculating a proposed rate, but it is more complicated than the approach I chose and it is fraught with uncertainty. For example, the majority of parcels that can fit into the flat-rate box (0 to 0.34 cubic feet) are in rate cells under \$7.70. As explained in my response to DBP/USPS-T1-4(b), I have no basis for estimating to what extent those parcels will actually migrate and therefore influence the average weight/density of the flat-rate box. Furthermore, many parcels that can fit into the flat-rate box are quite small, for example in the region of 0 to 0.10 cubic feet (see Tables 1-6 in

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

witness Loetscher's testimony), and it is unclear to what extent shippers will want to "upsized" them to 0.34 cubic feet. Once again, parcels that can fit into the flat-rate box may not be representative of those that will actually migrate to the flat-rate box and therefore influence its average weight/density.

I should note that the ability-to-fit analysis conducted at pages 6 and 7 of my testimony is useful, I believe, for its intended purpose – estimating the maximum risk of revenue leakage. But in my opinion the ability to fit is not necessarily a good indicator of what will actually migrate to the flat-rate box.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-8. Does the calculation starting at line 18 of page 3 of your testimony utilize only those parcels that would choose either or both of the proposed flat-rate boxes as the best fit box when compared to other USPS boxes that are available for use? If not, why not?

RESPONSE:

No. Please see my response to DBP/USPS-T1-7. Additionally, the parcels that will migrate to the flat-rate box are not known, either generally (for example, please see my response to DBP/USPS-T1-4b) or as a “best fit” vis-à-vis other Postal Service-supplied Priority Mail packaging. Many Priority Mail parcels currently use Postal Service-supplied packaging. Without knowledge of their contents, it would have to be presumed, without any basis whatsoever, that the baseline parcel always provides a better fit than the flat-rate box.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-9. Please refer to footnote 5 on page 4 of your testimony.

[a] Please confirm, or explain if you are not able to confirm, that a common use of a flat-rate envelope is for mailing paper items that are approximately 8-1/2 by 11 inches in size and that the flat-rate envelope will only hold a limited thickness of the contents and that the proposed 14 by 12 by 3-1/2 inch proposed flat-rate box will provide a convenient substitute for mailing these paper items when the thickness is greater than the flat-rate envelope will conveniently hold.

[b] If heavier flats were considered in the analysis, what changes would result and provide the revisions?

RESPONSE:

(a) Confirmed, except I would add the caveat that the flat-rate box *might* provide a convenient substitute for mailing these paper items, not necessarily "will."

(b) The number of flats in GFY 2003 priced above \$7.70 was 677,993 (the difference between the totals in USPS-LR-1 Attachment 1, Tables 2 and 5).

Assuming as a worst case that a) all of these flats are candidates for migrating to the flat-rate box despite not currently using the cheaper flat-rate envelope (*e.g.*, because they cannot fit into the flat-rate envelope), and b) all of these flats actually do migrate to the flat-rate box, annual revenue leakage would be an additional \$895,648. The worst-case revenue loss calculated in Exhibit B, Table 2 of my testimony (applying to parcels only) would increase from \$12.6 million to \$13.5 million, or from 0.28 percent to 0.30 percent of total Priority Mail revenue in GFY 2003.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-10. The Federal Register for February 26, 2004 [69FR8899] contains a proposed change to DMM Section C010.2.3c which would limit the density of items weighing more than 15 pounds to 60 pounds per square foot on the smallest side of the mailing container. If this proposed rule were to be adopted as written, it would limit the weight of the 14x12x3.5 inch box to 17.50 pounds and the 11.25x8.75x6 inch box to 21.88 pounds. Please advise how this would affect your analysis and provide the revisions.

RESPONSE:

The effects are minimal because very few Priority Mail parcels as small as 0.34 cubic feet weigh as much as 17.50 pounds (which requires a density of at least 51.5 pounds per cubic foot). Assuming that the 14" x 12" x 3.5" flat-rate box cannot exceed 17 pounds and the 11.25" x 8.75" x 6" flat-rate box cannot exceed 21 pounds, 9,189, or 0.1 percent, of the 9,252,059 parcels identified in Exhibit A, Table 2 of my testimony as eligible to migrate down to the flat-rate box would no longer be eligible. The risk of revenue leakage (Exhibit B, Table 2) would decline by \$150,000 to \$12.4 million.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-11. In your response to DBP/USPS-T1-2 subpart b, you indicated that other participants in the preparation of this Docket expressed a concern about the confusion between using the flat-rate box and the lower non-flat-rate postage option. In response to subpart c you indicated that the details of these concerns was provided in section IV(B) of your testimony. Which specific lines of your testimony provide the details?

RESPONSE:

My response to DBP/USPS-T1-2, part (b) did not reference any "confusion" between using the flat-rate box and other Priority Mail options. I only noted that some participants (in the development of the docket) expressed a concern that by being priced above some other Priority Mail options, the flat-rate box might create a risk that some customers might pay more than necessary for a given shipment. This concern was the only extant "detail" applicable to DBP/USPS-T1-2, part (c). The substance of the concern was addressed in the entirety of section IV.B of my testimony.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-12. Please refer to section IV(B) of your testimony. You indicate that it can be presumed that customers are rational economic agents who will act in their own best interests. While I can agree that sophisticated mailers will normally have sufficient information available to make an educated decision, my concern is with the non-sophisticated mailer.

[a] Do you agree that there are mailers who may not have sufficient knowledge of the rate structure to make an educated decision that will be in their own best interests?

[b] Please explain your response to subpart a.

[c] Do you believe that there is an obligation for the Postal Service to provide sufficient information to the users of the system to allow them to make an educated decision that will be in their own best interests?

[d] If not, please explain your reasons for this belief. If so, please provide details of the methods that will be utilized by the Postal Service to fulfill this obligation.

RESPONSE:

(a)-(b) While I agree that it is possible that some mailers may not have sufficient knowledge of the rate structure to make informed decisions regarding postal purchases, for the reasons stated in section IV.B of my testimony, I believe that Priority Mail customers generally will be able to make such decisions about the flat-rate box that are in their own best interests. I also believe that even if mailers do not have immediate access to a rate chart or have Priority Mail rates committed to memory, they generally should have a learned sense of Priority Mail rates from their previous use of the product. This can provide a frame of reference for making decisions about the flat-rate box that are in customers' own best interests.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

(c)-(d) If you are referring to the Postal Service's legal obligations, I am not prepared to comment on them. I am also not aware of any, nor have I personally defined any, particular information obligations with respect to the flat-rate box.

I can say, however, that some non-zero amount of information, typically made available by the Postal Service, is needed by customers to make postal purchase decisions that are in their own best interests.

I am informed that the Postal Service has not yet determined its communication/information plans for the flat-rate box.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-13. In your responses to DBP/USPS-T1-7 and 8, it appears to indicate that the studies relied only on the volume of the parcel and not with whether the particular parcel could have utilized either or both of the proposed flat-rate boxes. You indicate that parcels that can fit into the flat-rate box any not be representative of those that will actually migrate to the flat-rate box.

[a] Please confirm, or explain if you are not able to do so, that there are parcels that have a volume of 0.34 cubic feet or less that could not utilize either or both of the flat-rate boxes primarily because of their size or shape.

[b] How many of the boxes evaluated in the study that contain articles that would not be able to utilize either or both of the proposed flat-rate boxes could be considered as migrating to the flat-rate box?

[c] If your response to subpart b is any number greater than zero, please explain how that piece could migrate to a flat-rate box.

[d] Do you feel that the referenced calculation starting on line 18 of page 3 of your testimony would have been more accurate had it been limited to parcels that would fit into either or both of the proposed flat-rate boxes? Please explain your answer.

RESPONSE:

(a) Confirmed.

(b) None.

(c) Not applicable.

(d) No. This was fully explained in the second paragraph of my response to

DBP/USPS-T1-7.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-14. You indicate that the sampling study was conducted from October 2002 to January 2003.

[a] Please confirm, or explain if you are not able to do so, that this time period includes the holiday season.

[b] Please advise the effect on the study by conducting it at this time of the year.

RESPONSE:

(a) Confirmed, assuming you are referring to the Christmas, Chanukah, Kwanzaa, and New Year's holidays.

(b) Redirected to witness Loetscher.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-15. Please refer to your response to DFC/USPS-5. Irrespective of the reason or reasons that the Postal Service may feel that issuance of a separate stamp in the exact denomination of the new rate might not be the best solution, are you stating that the Postal Service does not have the ability to issue stamps of any denomination? If so, please explain why not.

RESPONSE:

The response to DFC/USPS-5 was institutional, not mine. I am informed that the process leading to the creation of a specific stamp of any denomination is lengthy, making timely production of a stamp for the flat-rate box experiment difficult.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES

DBP/USPS-T1-16. In your response to DBP/USPS-T2-11 subpart i you indicate that customers who elect to use the flat-rate box will do so not by default or out of habit.

[a] Please advise how customers, both sophisticated and non-sophisticated, will be able to intelligently make a volitional departure from well-established custom and utilize the flat-rate box when it will be to their advantage to do so.

[b] Do you feel that it is a satisfactory condition for a customer to continue to utilize the weight- and zone-rate because they are not aware of the new service option so long as they are no worse off than before? Please explain.

RESPONSE:

(a) I expect that Priority Mail customers of all types will generally decide whether or not to use the flat-rate box based on its comparative price and based on non-price attributes such as its potential convenience and ease of use.

Section IV.B of my testimony and my response to DBP/USPS-T1-12 (a) and (b) explained why this will generally be an informed choice. Section IV.B of my testimony and my response to DBP/USPS-T2-11 (i) explained why opting for the flat-rate box will generally constitute a "volitional departure from well-established custom."

(b) Yes. As long as some customers benefit from – *i.e.*, derive value from – the flat-rate box while all others are no worse off than before, then the flat-rate box unambiguously enhances overall consumer welfare.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

DBP/USPS-T2-6. On Page 7 Lines 9 to 11 of your testimony, you indicate that the proposed \$7.70 rate can be exactly paid by utilizing two of the current \$3.85 stamps issued for the base Priority Mail service.

[a] In evaluating the proposed rate for the Flat-Rate Box, what weight was provided to the ultimate decision to allow for the payment of postage in this manner?

[b] Neglecting this "simple and convenient" way to pay the postage, what would the proposed rate have been?

RESPONSE:

(a) Please see Section III of my testimony, USPS-T-1.

(b) As discussed in Section III of USPS-T-1, the specified box size of 0.34 cubic feet is predicated on a targeted \$7.70 rate (which included the judgmental application of a \$1.50 - \$2.00 premium to protect against potential revenue leakage from relatively heavy and/or long distance parcels migrating to the flat-rate box, and to reflect a portion of the box's added value). Other proposed rates were possible, but they would have necessitated the specification of different box sizes (assuming maintenance of the judgmental premium). There was no one alternative proposed rate.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

DBP/USPS-T2-10. On Page 3 Line 16 you indicate that the Priority Mail Flat-Rate Envelope has been in use since 1991.

[a] Please confirm that the current postage rate for a Priority Mail Flat-Rate Envelope is the minimum Priority Mail postage rate and therefore a mailer can never end up paying a higher postage rate [when compared to the non-flat-rate postage rate] by utilizing the Flat-Rate Envelope.

[b] Please confirm that the current postage rate for a Express Mail Flat-Rate Envelope is the minimum Express Mail postage rate and therefore a mailer can never end up paying a higher postage rate [when compared to the non-flat-rate postage rate] by utilizing the Flat-Rate Envelope.

[c] Please confirm that a mailer will end up paying a higher postage rate when utilizing a Flat-Rate Box [when compared to the non-flat-rate postage rate] in those instances when the weight of the parcel is less than 8 pounds for up to Zone 3; less than 4 pounds for Zone 4, less than 3 pounds for Zones 5 and 6, and less than 2 pounds for Zones 7 and 8.

[d] Please explain any items you are not able to confirm.

RESPONSE:

(a) Confirmed, that currently there is no Priority Mail postage rate lower than the rate applicable to the Priority Mail flat-rate envelope. Confirmed also that when using the Priority Mail flat-rate envelope, a mailer can never end up paying a higher Priority Mail postage rate (compared to the non-flat-rate postage rate).

I have not studied Express Mail rates, and I do not consider myself an expert concerning those rates. However, I am informed that currently there is no Express Mail postage rate lower than the rate applicable to the Express Mail flat-rate envelope. I am also informed that when using the Express Mail flat-rate envelope, a mailer can never

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

Response to DBP/USPS-T2-10 (Cont.)

(b) end up paying a higher Express Mail postage rate (compared to the non-flat-rate postage rate).

(c) Confirmed, with respect to existing Priority Mail rates and the proposed rate for the Priority Mail flat-rate box.

(d) Not applicable.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

DBP/USPS-T2-11a, h, i.

[a] Please confirm that for the rates that were in effect on June 1, 2002, the rate for a Priority Mail Flat-Rate Envelope was the 2-pound rate and when the Flat-Rate Envelope was utilized for weights under 16 ounces, the mailer was required to pay a higher postage rate [when compared to the non-flat-rate postage rate].

[b] Please confirm that on June 1, 2002, the Postal Service made both a flat-rate and a non-flat-rate Priority Mail envelope available to mailers and that these envelopes were identical in size and construction and had some similarity in design.

[c] Please provide copies of the front and back of these two envelopes.

[d] Was it the intention of the Postal Service to have both of these envelopes [flat-rate vs. non-flat-rate] equally available to the public?

[e] If not, why not? If so, provide copies of any directives that were issued during the period of that rate to explain the two types of envelopes and the need for similar availability.

[f] What publicity was provided to explain to the public that they could save money by utilizing the non-flat-rate envelope for mailings under 16 ounces or any other related information to the flat-rate envelope?

[g] Please explain any confusion you believe resulted by having a flat-rate postage that was more than the minimum postage rate [such as existed on June 1, 2002 with the Priority Mail Envelope].

[h] Do you feel a similar confusion could result with the proposed Flat-Rate Box rate?

[i] If no, why not? If so, what steps does the Postal Service plan to eliminate the confusion.

[j] Please explain any items you are not able to confirm.

RESPONSE:

(a) Confirmed.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

Response to DBP/USPS-T2-11a, h, i (Cont.)

(h) I am not aware of any evidence that customers were, in fact, confused by a flat-rate envelope rate that was more than the minimum postage rate (such as existed on June 1, 2002). To the extent that there may have been such customer confusion, I do not believe that there will be similar confusion with respect to the proposed Priority Mail flat-rate box and lower non-flat-rate postage options.

(i) The two-pound rate to which the Priority Mail flat-rate envelope was pegged on June 1, 2002 – 45 cents higher than the one-pound rate – was the result of a decoupling of the one- and two-pound rates in Docket No. R2000-1, effective January 7, 2001. The flat-rate envelope had never before been under-priced (within Priority Mail) since its introduction in 1991. As learned behavior, customers may have come to expect nothing within Priority Mail to cost less than the flat-rate envelope. With the introduction of a new, lower one-pound rate in Docket No. R2000-1, this learned behavior was possibly undermined.

Unlike the flat-rate envelope at that time, the current proposed flat-rate box is not an incumbent product. It has no rate history, and customers can have no learned expectations about its rate in relation to other Priority Mail rates. Customers who elect to use the flat-rate box will do so not by default or out of habit, but rather as a volitional departure from well-established custom (paying by weight and zone). The flat-rate box will simply be available to them as a new service option. They may elect that option, or they may continue to weight- and zone-rate and be no worse off than before.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO DAVID B. POPKIN INTERROGATORIES
REDIRECTED FROM WITNESS BARRETT

Response to DBP/USPS-T2-11i (Cont.)

The flat-rate envelope is also distinguished from the proposed flat-rate box by its more limited capacity. In GFY 2003, only 1 percent of all Priority Mail flat-rate envelopes weighed more than 3 pounds. The limited capacity, in my view, has the potential to lead some customers to assume that the flat-rate envelope carries the lowest price possible. In contrast, it would not be intuitive for customers to assume that a flat-rate box easily able to contain upwards of 5 or 10 pounds carries the lowest price possible. As a result, it can be expected that customers will be more vigilant of lower rate alternatives to the proposed flat-rate box than to the flat-rate envelope.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-1. Your testimony at pages 4-5 indicates the need to recognize in the pricing of the flat-rate box that the new service "may well attract shipments that are heavier-weight and/or longer-distance than average." You further assume, for purposes of pricing, a base rate of \$5.92 as the estimated average realized revenue from a flat-rate box of .34 cu feet. This assumes "the average is between the Zone 4 and Zone 5 rates, but closer to Zone 4" (testimony page 4) and an average weight for a base line parcel of 2.28 pounds.

Further, your testimony indicates at page 5 that if the average flat-rate box were to "settle" with a relatively small change in those current averages to Zone 5 (less than a whole zone) and to "settle" at 3 pounds (0.72 pounds or only 11.52 ounces greater than your assumed current average of 2.28 pounds) the base rate would jump to \$7.45, only 0.25 cents below the proposed \$7.70 postage rate.

- a. Please confirm that if the average flat-rate box settled at Zone 6 but the weight was 3 pounds, the "base rate" by your method of calculating using Table 6 in Library Reference USPS-LR-1 (the rounded midpoint between the 3 pound rate for Zone 6 of \$7.15 and the 4 pound rate for Zone 6 of \$8.50) would be \$7.83. If you cannot confirm, please explain.
- b. Please confirm that if the average flat-rate box settled at Zone 5 but the weight was 4 pounds, the "base rate" by your method of calculating using Table 6 in Library Reference USPS-LR-1 (the rounded midpoint between the 4 pound rate for Zone 5 of \$8.05 and the 5 pound rate for Zone 5 of \$9.30) would be \$8.68. If you cannot confirm, please explain.
- c. Please confirm that if the average flat-rate box settled at Zone 6 and the weight settled at 4 pounds, the "base rate" by your method of calculating using Table 6 in Library Reference USPS-LR-1 (the rounded midpoint between the 4 pound rate for Zone 6 of \$8.50 and the 5 pound rate for Zone 6 of \$9.85) would be \$9.13. If you cannot confirm, please explain.

RESPONSE:

As clarification, the estimated average realized revenue of \$5.92 ("base rate") is not for a flat rate box of 0.34 cubic feet, but rather for "existing Priority Mail parcels of comparable size." Please see USPS-T-1 at 4, line 18.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

Response to OCA/USPS-T1-1 (Cont.)

Also, my testimony does not indicate or suggest that the changes in average weight and zone resulting in the example of a \$7.45 rate interpolated from the Priority Mail rate schedule are "relatively small."

(a) Confirmed.

(b) Confirmed.

(c) Not confirmed. The correct interpolated rate is \$9.18.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-2. Please confirm that currently, the postage for Priority Mail is not impacted by the cubic size of the box.

RESPONSE:

Not confirmed. The Priority Mail rate schedule includes a "balloon charge" for parcels weighing less than 15 pounds but measuring more than 84 inches in combined length and girth. Such parcels are charged the applicable rate for a 15-pound parcel. The length + girth measure is intended as a proxy for cubic volume. So, in some instances, the postage is impacted by the cubic size of the box.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-3. Do you agree that if the postage for Priority Mail is not impacted by the cubic size of the box that, on average, customers will use boxes larger than they would otherwise if the postage were greater for larger box sizes?

RESPONSE:

As I said in my response to OCA/USPS-T1-2, the postage for Priority Mail can be impacted by the cubic size of the box. Having said that, I agree that if the postage for Priority Mail is not impacted by the cubic size of the box, some customers might use boxes larger than they would otherwise.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-4. Please confirm that if the cubic box size is reduced to ship a given item by Priority Mail, the weight per cubic foot (density) would increase.

RESPONSE:

Confirmed, with a minor caveat. While, as a general matter, a parcel's density will increase if the cubic box size is decreased and the contents stay the same, a counter example can be found. When a parcel with relatively high-density packing material (filler) is reduced in size, it may be possible in some instances for the density to decrease if the packing material is replaced with lower-density packing material (or is not replaced with packing material).

Conversely, when a parcel with relatively low-density packing material (filler) or no packing material is increased in size, it may be possible in some instances for the density to increase if the packing material is replaced with higher-density packing material or if packing material is added for the first time.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-5. Your testimony in note 10 at page 7 recognizes some parcels may contain soft goods and could be repackaged to smaller dimensions but no basis for quantifying this potential could be identified. However, have you or anyone else undertaken any study to determine how much customers would reduce the cube size of boxes currently used for Priority Mail, not to repackage compressible goods, but to reduce postage from unnecessarily oversized box cubes, particularly in the lower weight categories under 5 pounds? If not, are there any plans to undertake such a study?

RESPONSE:

Neither I nor to anyone else to my knowledge at the Postal Service has undertaken such a study, nor am I aware of any plans to do so.

The proposed flat-rate box's flat rate and fixed cubic volume will enable some customers to save postage costs by reducing package size – as long as the size is reducible (e.g., the package is “unnecessarily oversized”) and exceeds 0.34 cubic feet. Density (pounds per cubic foot) will increase for such parcels that migrate to the flat-rate box (with the exception of the caveat noted in my response to OCA/USPS-T1-4).

On the other hand, even if the package size is reducible, it will not be possible to achieve an increase in density from parcels that are smaller than 0.34 cubic feet (aside from the condition noted in the second paragraph of my response to OCA/USPS-T1-4). On the contrary, density will *decrease* for such parcels that migrate to the flat-rate box.

The net impact on average density – from migrating parcels bigger than 0.34 cubic feet and smaller than 0.34 cubic feet – is indeterminate.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-6. Please confirm that if the density of the Priority Mail as calculated in the Postal Service studies is too low by 10 (ten) percent, following your methodology, the average weight for a .34 cubic foot box would rise to 2.51 pounds. If you cannot confirm, please explain.

RESPONSE:

Not confirmed. If the 6.70 pounds per cubic foot calculated by witness Loetscher in USPS-T-3 is “too low by 10 percent” (a hypothetical assumption), then the actual density is $6.70/0.9 = 7.44$ pounds per cubic foot, and the average weight of Priority Mail parcels at 0.34 cubic feet – following the methodology in my testimony – would be $0.34 \times 7.44 = 2.53$ pounds.

Note that if the 6.70 pounds per cubic foot calculated by witness Loetscher in USPS-T-3 is too *high* by 10 percent (also a hypothetical assumption), then the actual density is $6.70/1.1 = 6.09$ pounds per cubic foot, and the average weight of Priority Mail parcels at 0.34 cubic feet – following the methodology in my testimony – would be $0.34 \times 6.09 = 2.07$ pounds.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-7. Please confirm that if the average weight for a .34 cubic foot box were 2.51 pounds, the base rate using your methodology would be \$6.25 (the 3 pound weight increment Priority Mail rate). If you cannot confirm, please explain.

RESPONSE:

Not confirmed. Since 2.51 pounds exceeds the assumed average of 2.5 pounds at the 3-pound weight increment, the base rate would have to be interpolated between the average realized revenue per parcel across all zones at the 3-pound and 4-pound weight increments. The former is \$6.25, the latter is calculated in my response to OCA/USPS-T1-9 as \$7.42. Assuming an average weight of 3.5 pounds at the 4-pound weight increment, the base rate would be interpolated as $\$6.25 + [(\$7.42 - \$6.25) \times ((2.51 - 2.50)/(3.50 - 2.50))] = \6.26 .

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-8. Please confirm that if the density of the Priority Mail as calculated in the Postal Service studies is too low by 20 (twenty) percent, following your methodology, the average weight for a .34 cubic foot box would rise to 2.73 pounds. If you cannot confirm, please explain.

RESPONSE:

Not confirmed. If the 6.70 pounds per cubic foot calculated by witness Loetscher in USPS-T-3 is "too low by 20 percent" (a hypothetical assumption), then the actual density is $6.70/0.8 = 8.38$ pounds per cubic foot, and the average weight of Priority Mail parcels at 0.34 cubic feet – following the methodology in my testimony – would be $0.34 \times 8.38 = 2.85$ pounds.

Note that if the 6.70 pounds per cubic foot calculated by witness Loetscher in USPS-T-3 is too *high* by 20 percent (also a hypothetical assumption), then the actual density is $6.70/1.2 = 5.58$ pounds per cubic foot, and the average weight of Priority Mail parcels at 0.34 cubic feet – following the methodology in my testimony – would be $0.34 \times 5.58 = 1.90$ pounds.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-9. Please provide the volume weighted average rate (revenue per parcel) for the 4 pound increment as you have provided for the 2 and 3 pound increments at page 4 of your testimony and USPS-LR-1, Attachment 1, Table 14.

RESPONSE:

\$7.42.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-10. Please calculate the estimated base rate using your methodology if the Priority Mail density were 2.73 pounds for a cubic foot box and the 4 pound volume weighted average rate (revenue per parcel).

RESPONSE:

I will assume what is requested is a base-rate calculation based on an average *weight* of 2.73 pounds for a 0.34 cubic foot box. Assuming, also, an average weight of 3.5 pounds at the 4-pound weight increment: $\$6.25 + [(\$7.42 - \$6.25) \times ((2.73 - 2.50)/(3.50 - 2.50))] = \6.52 .

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-11. Please explain in more detail what characteristics of the box size and other factors supporting your statement on page 6 of your testimony that the box sizes are considered "qualitatively appropriate."

RESPONSE:

The 0.34 cubic feet was consistent with Postal Service's aim for a box size roughly in the range of 0.25 to 0.50 cubic feet. Box sizes below this range ("too small") were judgmentally thought to have limited applicability. Box sizes above this range ("too big") would have carried a relatively high rate that would have been out of proportion to the postage typically borne by Priority Mail parcels.

The 0.34 cubic feet chosen also permitted the dimensions discussed as appropriate in Section III.A of witness Barrett's testimony (USPS-T-2).

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-12. In your judgment, what is the least amount of total premium you believe is necessary to account for the flat-rate box product's added value and as protection against the possible attraction of relatively heavy and/or long distance shipments to the flat-rate box?

RESPONSE:

As discussed at page 5 of my testimony, I applied my best judgment in aiming for a total premium of \$1.50 to \$2.00. The "least amount" I was willing to posit was therefore \$1.50.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-13. Did you seriously consider prices other than two times the one-pound and flat-rate envelope stamp rate? If so, what were those rates and please discuss the reasons you rejected them.

RESPONSE:

Some hypothetical rate calculations were made for different box sizes ranging roughly from 0.25 to 0.5 cubic feet (all the while, maintaining my judgmental \$1.50 to \$2.00 premium over the base rate). Those rates were approximately in the range of \$7.00 to \$8.50, as I recall. However, once it was realized that a \$7.70 rate, conveniently equal to two \$3.85 postage stamps, could be attained with a box size of 0.34 cubic feet, this was the only rate seriously considered.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-14. Your testimony suggests at page 5 that in the future if there is a permanent classification for the flat-rate box service, a dedicated stamp could be produced. In your opinion, would that detract from the value added of this service as it would reduce the simplicity of using the same stamps for several types of Priority Mail.

RESPONSE:

I am not an expert on matters concerning methods of postage payment, including the use of stamps, but in my opinion, it might be somewhat more convenient for mailers to be able to keep a supply of just one stamp denomination having three applications (one-pound rate, flat-rate envelope, flat-rate box).

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-15. Please comment on how this new service relates to the services offered by the competitors of the Postal Service and whether this service is expected to compete favorably with any particular service offered by the competition.

RESPONSE:

As mentioned at page 11 of my testimony, no domestic product comparable to the proposed flat-rate box is currently offered by any Postal Service competitor. As such, the flat-rate box is not positioned against any particular services offered by the competition.

It is my understanding that UPS and FedEx both offer 10 kg and 25 kg (maximum weights) flat-rate boxes for international parcel delivery. However, while these flat rates do not vary by weight, they do vary by zone.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-16. Have you or anyone in the Postal Service studied or estimated the potential impact on window service costs or carrier costs resulting from providing this service to current Priority Mail users, considering particularly the increased use of carriers to pick up the flat-rate boxes. If so, please provide the estimated impact on costs.

RESPONSE:

No such cost impacts have been studied. This proposal for an experimental flat-rate box is based on the existing Priority Mail rate schedule without any reexamination of the underlying costs supported by the record in Docket No. R2001-1.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-26. At page 14 of your testimony you state that your ultimate objective is to estimate net revenue and contribution impacts of the experiment. Do you agree that cost differences in offering a PM flat-rate box alternative may also have an impact on contribution and net revenue? If you do not agree, please explain. If you do agree, then what steps do you plan to take to measure the impact of cost differences? What steps does the Postal Service plan to take to measure the impact of cost differences?

RESPONSE:

I agree that any cost differences that might exist between the flat-rate box and its Priority Mail antecedents before migration could have an impact on contribution (net revenue) from the proposed experiment. The referenced statement at page 14 of my testimony did not envisage estimating any such cost differences. The Postal Service is proposing the flat-rate box as a new Priority Mail service option. The proposed rate is derived from, and therefore achieves comparability with, the existing Priority Mail rate schedule. The Postal Service does not intend to evaluate cost changes from within-subclass migrations, for two reasons. First, I am informed that cost data that might permit comparison of respective rate categories are not available. This should not preclude adoption of the proposed flat-rate box because in most respects, the flat-rate box and its antecedents will have similar costs. For example, the contents will weigh the same and the pieces will travel over the same number of zones. Second, to the extent that the costs of the flat-rate box and its antecedents may differ in some respects, these differences are not expected to be atypical of the averaging that characterizes existing Priority Mail rate categories (e.g., flat-rate envelope, weight- and zone-rated options) and rate cells. Invariably, some amount of rate

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

Response to OCA/USPS-T1-26 (Cont.)

averaging is necessary in the face of cost heterogeneity, especially to the extent that rate simplicity is to be achieved.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-27. Does the Postal Service intend to observe and report on operational differences in entering flat-rate PM versus pound/zone-rated PM? If not, why not.

RESPONSE:

The Postal Service intends to observe such differences, to the extent that they are observable. Please refer to the sample user-survey questions in Attachment A of my testimony. Question No. 2 indicates that an attempt will be made to identify the method of entry into the postal system. Cross-referenced to Question No. 7, some information about the change in method of entry (flat-rate box vs. if the mail piece were (still) weight- and zone-rated) can be also derived. Any such differences observed would be reported in a subsequent filing for a permanent classification (if any).

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-28. Your testimony at page 13 states in reference to data generation that "The ODIS-RPW data will indicate what gravitates to the flat-rate box by weight and zone, but not the origin of that volume."

- a. Please explain how the ODIS-RPW data will enable the Postal Service to determine what flat-rate boxes gravitated from various zone rate categories if ODIS-RPW does not also obtain the origin of the volume so as to determine the distance the flat-rate box will travel and therefore calculate the zone category from which it gravitated.
- b. Please address how the Postal Service will ascertain the ZIP code of origin so as to determine the zones traveled.
- c. Isn't it correct that neither mailers nor postal employees need to know the ZIP code of origin to calculate the Priority Mail flat-rate box postage? Please explain.
- d. Will ODIS-RPW data collectors use the return address to determine ZIP code of origin or will they use another source of information? Please discuss.

RESPONSE:

(a) - (b) The reference to "origin" on page 13 of my testimony was not intended to refer to the point of entry into the mailstream (e.g., origin ZIP Code), but rather to the source of the mail piece gravitating to the flat-rate box, for example, whether it would otherwise have been a weight- and zone-rated Priority Mail piece, or whether it would otherwise have been shipped outside the postal system, etc. I could have been clearer about this, especially considering that the "O" in "ODIS-RPW" refers to the first of those two meanings. In any event, ODIS-RPW sampling does in fact record the origin three-digit ZIP Code, as indicated in the Postal Service's institutional response to OCA/USPS-T1-25. Along with the destination three-digit ZIP Code, also recorded by ODIS-RPW, this will indicate zone characteristics.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

Response to OCA/USPS-T1-28 (Cont.)

(c) That is correct. The proposed flat-rate box's postage is irrespective of zone (and therefore both origin and destination ZIP Codes) and weight.

(d) No, the return address will not be used to determine the origin ZIP Code. I am informed that the origin ZIP Code will be determined from the cancellation mark for pieces bearing stamps, from the meter imprint and in some cases the video ink jet cancellation if metered, from the PVI (postage validation imprinter) strip if PVI, and from the indicia if permit imprint.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-31. Please refer to your response to OCA/USPS-T1-1 and your testimony at page 4, line 18, where you note the average realized revenue of \$5.92 is not for a flat rate box of 0.34 cubic feet, but rather for "existing Priority Mail parcels of comparable size." Because it appears that the \$5.92 figure is derived mathematically by using a 0.34 cubic foot box, why do you qualify the characterization of the calculated \$5.92 as applying to parcels of "comparable size" rather than stating that the \$5.92 represents the average revenue for a 0.34 cubic foot box?

RESPONSE:

In my testimony at page 4, line 18, I said "of comparable size" rather than "of the same size" because very few existing Priority Mail parcels are the exact same size as either of the two proposed flat-rate boxes. Furthermore, witness Loetscher estimated the average density for existing Priority Mail parcels at 0.34 cubic feet from those parcels in his sample ranging from 0.33 to 0.35 cubic feet.

That said, since the 6.70 pounds per cubic foot is meant to apply to an existing Priority Mail parcel of 0.34 cubic feet, the \$5.92 can indeed be construed to represent average revenue for an existing Priority Mail parcel of 0.34 cubic feet.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-32. Your "base rate" of \$5.92 was determined by a study of the density of Priority Mail boxes in the mailstream. Do you believe that the density of the new Priority Mail flat-rate boxes will differ from the density of the current Priority Mail as estimated? If so, by what percentage listed below do you expect the density of the new Priority Mail flat-rate boxes to differ from the estimated density of tested Priority Mail?

- a. a decrease in density?
- b. a five percent increase in density?
- c. a 10 percent increase in density?
- d. a 15 percent increase in density?
- e. a 20 percent increase in density?
- f. If you expect a percentage change that differs from the above choices, please specify that percentage.
- g. Please explain your reasoning.

RESPONSE:

The average density of the proposed flat-rate box, as it will be realized, can be compared to the current average density of Priority Mail parcels in either of two ways. In the first way, the density will increase for some Priority Mail parcels that migrate to the flat-rate box and decrease for others. Please see my response to OCA/USPS-T1-5. Note also that the response to OCA/USPS-T1-5 indicates that the net impact on average density is indeterminate. I am therefore unable to confirm whether any of the posited outcomes in parts (a) through (e) above is more likely than the others; nor am I able to offer an alternative outcome for part (f).

In the second way, because the flat rate immunizes against variations in weight and distance shipped, the average realized density of the flat-rate box may exceed the average density of current Priority Mail parcels at 0.34 cubic feet (measured by witness Loetscher as 6.70 pounds per cubic foot). This was one reason for including a \$1.78 premium in my proposed rate. However, I have no a

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

Response to OCA/USPS-T1-32 (Cont.)

priori expectation of any particular percentage difference between the average realized density of the flat rate box and 6.70 pounds per cubic foot (indeed, if I did, I would have been able to specify the rate premium with more precision). I am therefore unable to confirm whether any of the posited outcomes in parts (a) through (e) above is more likely than the others; nor am I able to offer an alternative outcome for part (f).

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

OCA/USPS-T1-33. Please refer to your answer to interrogatory OCA/USPS-T1-27. In addition to the types of operational information provided in your response, does the Postal Service intend to observe and report on operational differences as follows:

- a. Whether the acceptance of a Priority Mail flat-rate box at a retail window may be less costly than acceptance of a pound/zone-rated Priority Mail package since the flat-rate piece does not have to be weighed and the zone determined.
- b. Whether the entry of a Priority Mail flat-rate box via carrier pick up may be less costly than the entry of a pound/zone-rated Priority Mail package since the flat-rate package would not have to be weighed and its zone determined at the delivery office where the carrier drops off the piece after pick up.
- c. If you do not intend to observe and report on a. and/or b., please explain why not.

RESPONSE:

(a) There is presently no such intention.

(b) There is presently no such intention.

(c) As discussed in witness Barrett's response to OCA/USPS-T2-25, retail acceptance procedures are expected to be virtually the same for the Priority Mail flat-rate box as for weight/zone-rated Priority Mail packages. Although, as indicated in witness Barrett's response to OCA/USPS-T2-27, there may be some postage-verification differences between the Priority Mail flat-rate box and weight/zone-rated Priority Mail packages, the Postal Service does not customarily estimate and attribute operations-specific costs for Priority Mail at the level of the rate category (like the proposed flat-rate box). Priority Mail rates, such as those recommended by the Postal Rate Commission in Docket No. R2001-1, reflect cost differences based on weight, distance shipped, and

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO OCA INTERROGATORY

Response to OCA/USPS-T1-33 (Cont.):

mode of transportation (surface vs. air). They do not reflect cost differences at as fine a level as, for example, postage verification.

RESPONSE OF POSTAL SERVICE WITNESS SCHERER
TO PRESIDENTIAL OFFICER'S INFORMATION REQUEST No. 1

POIR1-3: In response to DBP/USPS-T4-4, witness Loetscher states that an assumption of square girth was used to calculate the volume of parcels for which width and length were not recorded. The column "VolumeCubics" on the "Sample Data" sheet of "Cubic Feet Distribution LR .xls" provided as part of USPS-LR-2 appears to assume a circular girth for these parcels. Please explain.

RESPONSE:

As explained in witness Loetscher's response to POIR No. 1, Question 3, "squaring" rather than circumscribing sampled Priority Mail parcels for which girth (as opposed to width and height) was measured would have had the effect of increasing estimated average density at 0.34 cubic feet from 6.70 to 6.76 pounds per cubic foot. This change in estimation would not have had a significant impact on the analysis, conclusions or recommendations found in my testimony (USPS-T-1). The estimated average weight of a parcel at 0.34 cubic feet would have been 0.34 cubic feet x 6.76 pounds/cubic foot = 2.30 pounds. Following the interpolation methodology in my testimony, the base rate would have been $\$4.68 + [(\$6.25 - \$4.68) \times ((2.30 - 1.448)/(2.50 - 1.448))]$ = \$5.95. The implicit rate premium would have been the proposed rate of \$7.70 minus \$5.95, or \$1.75. This would have continued to be an appropriate premium because, like the \$1.78 premium in my testimony, it falls near the middle (coincidentally, right in the middle) of my target range of \$1.50 to \$2.00. Therefore, even had the "squaring" density estimate been used, I would not have altered the proposed rate of \$7.70 or the proposed box size of 0.34 cubic feet.

United States Postal Service
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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-1 Please confirm, or explain if you are not able to confirm, that the Postal Service has arrangements that permit shipping supplies for Priority Mail to be cobranded with a private mailer, such as those that appear on Page 92 of the July 8, 2004 Postal Bulletin for shipping supplies cobranded with both the USPS and eBay logos.

Response:

Confirmed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-2 Please advise the number of other private mailers that have made arrangements which resulted in cobranded shipping supplies.

Response:

There are currently less than 50 of these co-branding arrangements.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-3 Is the ordering and payment of these cobranded shipping supplies conducted by the Postal Service or the private mailer?

Response:

The Postal Service purchases the supplies.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-4 Is a private mailer allowed to prepare his own shipping supplies that utilize the Priority Mail logo? If not, why not?

Response:

A private mailer cannot produce or procure his own shipping supplies incorporating the Priority Mail logo. This restriction ensures Postal Service control over the use and treatment of the Priority Mail brand and trade dress.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-5 If a private mailer wants to obtain cobranded shipping supplies in the size and shape of either of the proposed flat-rate boxes, will they be able to do so and will they be approved for the proposed flat-rate postage? If not, please explain.

Response:

 Although the Postal Service does not foresee many co-branding opportunities for the flat rate box, at this time there are no plans to categorically rule it out or treat it differently from other packaging options.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DAVID B. POPKIN

DBP/USPS-6 Will a private mailer be allowed to prepare his own shipping supplies in the size and shape of either of the proposed flat-rate boxes, and if so, will they be approved for utilizing the proposed flat-rate postage? If not, please explain

Response:

No. The flat-rate price will only apply to boxes provided by the Postal Service in order to ensure packaging specifications are consistent with those intended.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-2. Please provide the number of postal facilities that have parcel chutes or other collection receptacles that will allow customers to deposit either of the proposed Priority Mail flat-rate boxes.

RESPONSE:

There is no official count of facilities that may have made local accommodations for the deposit of parcels that are of the size of the proposed flat-rate boxes.

However, the receptacles that are being deployed as part of the Automated Postal Center (APC) will accommodate these boxes. Approximately 2500 offices will be equipped with APCs by the end of this calendar year.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-3. Please discuss the extent to which customers would be able to deposit postage-paid Priority Mail boxes at post offices without entering the queue for retail window service.

RESPONSE:

The entry of Priority Mail boxes with postage affixed will not change as a result of the introduction of a flat-rate box. See witness Barrett's response to DBP/USPS-T2-7c regarding the entry option for packages with postage affixed.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF DOUGLAS F. CARLSON

DFC/USPS-5. If a rate less than \$7.70 for the Priority Mail flat-rate box were approved, please confirm that the Postal Service would have the ability to issue and sell a postage stamp in the exact denomination of the new rate.

RESPONSE:

Not confirmed, at least for the experiment. See witness Scherer's testimony (USPS-T-1, at 5) where he discusses the convenience of the existing stamps, and the potential for a dedicated stamp in the event of a permanent classification.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-7. Please provide all documents that quantify or attempt to quantify the value of the flat-rate aspect of the Priority Mail flat-rate envelope or the value of the flat-rate aspect of the Express Mail flat-rate envelope. For purposes of this interrogatory, the word "quantify" means to specify or designate an amount in dollars or cents.

RESPONSE:

No responsive documents exist.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-17. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business. Please provide estimates of the average FY 2003 costs (in dollars or hours) of the following activities:

- a. A curblin carrier's conducting an accountable transaction
- b. A park-and-loop carrier's conducting an accountable transaction
- c. A foot carrier's conducting an accountable transaction
- d. An average carrier's conducting an accountable transaction
- e. A curblin carrier's picking up a package
- f. A park-and-loop carrier's picking up a package
- g. A foot carrier's picking up a package
- h. An average carrier's picking up a package.
- i. If any requested average FY 2003 cost (in dollars or time) is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

The Postal Service plans to object to interrogatories seeking cost information in this docket. A thorough review of the Request and all associated documents reveals that nowhere is any cost information addressed. This docket involves an experimental Priority Mail option, two sizes of flat-rate boxes sharing the same cubic volume, whose price must relate sensibly to existing Priority Mail options. Eschewing a comprehensive re-visitation of Priority Mail costs, the Postal Service pursued the only alternative that retains the comparability of existing prices with the proposed price for the flat-rate box: derivation of a price from the existing Priority Mail Rate Schedule. The proposed price of \$7.70 is therefore reasonably compared with the existing rates since they share the same underlying costs and effective markup. No examination of Priority Mail costs, or the costs of any other operational elements participants may care to examine, has been prepared; accordingly, there should be no need to provide cost information in response to discovery requests.

Notwithstanding, the instant interrogatory seeks information that simply does not exist. As such, the Postal Service is choosing to respond to the interrogatories directly rather than filing an objection. The latter course of action would be pointless since even a supposedly compelled response would not elicit any useful information.

This interrogatory inquires into a service option that has always been provided to customers, entry of mail by leaving it in or near a customer's delivery receptacle. The

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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Postal Service recently introduced an internet-based tool that facilitates this means for entry by notifying carriers that mail, which might include parcels, is available for collection when they arrive to deliver that day's mail. Such collection mail could be in any one or more of several subclasses. Witness Barrett's testimony reflects the existence of this option. However, the existence of a flat-rate box option would have exactly zero impact on the existence or non-existence of carrier pickup. Internet-based notice to a carrier that a pickup is requested when that customer's mail is next delivered, and the proposed flat-rate box option simply share the attribute of convenience; they are otherwise unrelated. In any event, cost data sought by this interrogatory: carrier activity by transaction type, shape, and city carrier route type, do not exist and are, accordingly, unavailable. Nor can the Postal Service agree that if non-zero costs can be identified, they are attributable to one or more specific subclasses.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-18. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. What proportion of carrier stops and/or deliveries involved an accountable transaction in FY 2003?
- b. What was the average cost of a carrier stop and/or delivery involving an accountable transaction in FY 2003?
- c. If the requested average FY 2003 cost (in dollars or time) of an accountable transaction is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.
- d. What proportion of carrier stops and/or deliveries in FY 2003 involved picking up a package?
- e. What was the average cost of a carrier stop and/or delivery in FY 2003 involving picking up a package?
- f. If the requested average FY 2003 cost (in dollars or time) of a package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

See the response to OCA/USPS-T1-17.

- a-b, d-e. This information does not exist and can not be extracted from existing data sources.
- c. Unable to confirm. Accountable transactions could entail collection of an Express Mail envelope, delivery of an envelope containing stamps previously paid for, or more complex interaction between carrier and customer. So one cannot conclude that each transaction involves some non-zero attributable costs.
- f. In the absence of data indicating all such transactions have a positive cost, no confirmation is appropriate. See also, the response to part (c) above. Furthermore, if a positive, non-zero cost could be identified, the extent to which it would be attributable, and the specific subclass or product to which it should be distributed, would yet need to be determined.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-19. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. Please confirm that the fee for scheduled pick-up of a package is \$12.50. If you cannot confirm, please provide the correct fee.
- b. What is the average FY 2003 cost (in dollars or time) of a scheduled package pick-up?
- c. If the requested average FY 2003 cost (in dollars or time) of a scheduled package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

- a-b. The reference to a carrier's pickup of a parcel on page 7 of witness Barrett's testimony is a pickup that occurs on a carrier delivery route when the carrier arrives at a particular customer's address for the purpose of delivering that day's mail. See the discussion of this longstanding service option (and the absence of costing issues pertinent to this proceeding) in the response to OCA/USPS-T1-17. There is also a special service for picking up mail, reflected in notes to various fee schedules, the fee for which was increased by the last omnibus rate proceeding. The flat-rate box proposal does not address or propose any changes to that fee.
- c. See the response to OCA/USPS-T1-18(f).

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OCA/USPS-T1-20. Witness Barrett states at page 7 of his testimony that Flat-Rate Priority Mail packages may be picked up by a carrier from a home or business.

- a. Please confirm that the Postal Service offers from its website a package pick-up service for which no fee is charged. If you do not confirm, please explain.
- b. What is the average cost (in dollars or time) of the free package pick-up service?
- c. If the requested average cost (in dollars or time) of a free package pick-up is not known, please confirm that the cost is greater than zero. If you do not confirm, please explain.

RESPONSE:

- a. See the response to OCA/USPS-T1-17.
- b. This information is not available.
- c. Unable to confirm. See the responses to OCA/USPS-T1-17 and -18.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-21. Please refer to your testimony at page 13. You explain that tabulation of flat-rate box volume will come from the ODIS-RPW sampling system.

- a. Please describe how the ODIS-RPW system will be used to generate total Priority Mail (PM) flat-rate box volumes for each 6-month period.
- b. How accurate will such volume counts be if the PM flat-rate box volume is quite low?
- c. For what annual volumes, by rate category, is ODIS-RPW considered to be robust?
- d. Is it possible that the PM flat-rate box volumes will be below the level considered to be robust?

RESPONSE:

- a. ODIS-RPW mail volume estimates are generated on a monthly and quarterly basis. Sampled mailpieces that are Priority Mail flat-rate boxes will be weighted by the inverse of the probabilities of selection, summed to the national level, and aggregated to the appropriate 6-month time period.
- b. Table 2 of the testimony of witness Pafford, USPS-T-3/R2001-1, provides estimated coefficients of variation (CV) for FY2000 mail volume estimates. The Priority Mail volume estimated CV for FY2000 was 1.10%. This would be an approximate upper bound on the accuracy if every Priority Mail piece was a flat-rate box. The level of accuracy will be lower than this (larger CV), the value of which will be determined by the number of flat-rate boxes and their distribution across the country. With no demand forecast, there is no way of knowing in advance how precise the estimates for the Priority Mail flat-rate box will be.
- c. The level at which statistical estimates are "robust" depends on the uses of the data. For example, in Docket No. R2001-1 (the most recent omnibus case), postal rates were established, in part, using base-year FY

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2000 estimates and associated coefficients of variation provided in witness Pafford's Tables 1-3 (USPS-T-3). These estimates would then be considered "robust" for that purpose.

d. Yes.

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REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-22. You state at page 13 of your testimony that “some ODIS-RPW system changes will be required.” Please describe fully all of the required changes.

RESPONSE:

The ODIS-RPW Priority Mail Marking screen requires redesign to capture Priority Mail flat-rate boxes. This new screen would need to be implemented in the ODIS-RPW laptop data collection software. The underlying ODIS-RPW laptop data record would thus be modified to accommodate the potential for Priority Flat-Rate Box entries. When this work is complete, the ODIS-RPW SAS mainframe software would also require modification to accept these new values and report the results to the RPW Adjustment Model.

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REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-23. Please provide a copy of the section of the questionnaire that will be used by ODIS-RPW personnel to report PM flat-rate box data.

RESPONSE:

ODIS-RPW data are collected via laptop computer software, not hardcopy questionnaire. The laptop software data entry screen for recording flat-rate boxes has not been completed. However, the concept is not complex. The screen that asks for Priority Mail type (or shape) will gain two options, one for each of the two Priority Mail flat-rate boxes.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REDIRECTED FROM WITNESS SCHERER

OCA/USPS-T1-24. Please provide a copy of the instructions that will be given to the ODIS-RPW personnel with respect to PM flat-rate box data collection.

RESPONSE:

These instructions have yet to be prepared.

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OCA/USPS-T1-25. Please list fully all data that will be collected by the ODIS-RPW system with respect to PM flat-rate boxes.

RESPONSE:

Data elements could include: revenue (postage), volume, weight, mail type, indicium, type of mailer (*i.e.*, private sector, federal government, or the Postal Service), origin three-digit ZIP Code, destination three-digit ZIP Code (where the mailpiece is sampled), special services, forwarded/return status, postmark date, type of barcode, barcode source, whether the address is handwritten, meter number, and meter manufacturer. Some of these, of course, will not be applicable to all mailpieces (revenue, for example, should not require separate entry). Some data, in keeping with standard practices, would be commercially sensitive.